

**THE FOREIGN DEBT OF MEXICO:
BEING THE REPORT OF A SPECIAL
MISSION TO THAT STATE,
UNDERTAKEN ON BEHALF OF THE
BONDHOLDERS**

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The Foreign Debt of Mexico: Being the Report of a Special Mission to that State, Undertaken on Behalf of the Bondholders by W. Parish Robertson

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OF

THE BONDHOLDERS.

BY

W. PARISH ROBERTSON.

LONDON:
SMITH, ELDER, & Co., CORNHILL.
1850.

TO THE BONDHOLDERS OF MEXICO.

GENTLEMEN,

IN presenting, for your consideration, the following Report of my mission to Mexico, undertaken by your desire and on your behalf, I trust you will come to the conclusion that, whatever may be the result of my labours, they have been carried through with a zealous desire to show that I was not unworthy of the confidence you reposed in me.

It is matter of the sincerest regret to me that such serious misunderstandings have sprung up in regard to the management of your affairs since my return to England. I do assure you they have not been of my seeking ; and I wholly deprecate the angry tone of feeling which, in some instances, has been displayed. While I pursued the course which appeared to me to be the safest and most straightforward for myself, I desired to offend no man, and much surprised I am that so *much* offence, as I understand, has been taken in some quarters.

It has been supposed that I invidiously assisted in depressing the influence of the Spanish American Committee. I did no such thing. Till within half an hour of the Meeting held for the purpose of electing a Mexican Committee, I had not spoken a word on the subject to any one of the parties who made the movement. I only,

from the first, concealed from no one that I thought you ought to have a Committee of your own.

That Committee is about to place your affairs once more in your own hands ; and I confess I shall retire from my official and harassing position with unfeigned pleasure. I shall at all times be happy to be of service to your cause ; and all the better pleased to believe that I can henceforward be so, without coming into antagonism with any one.

I have been called on by circumstances to finish my Report hurriedly, and must claim your indulgence for any omissions you may find in it.

I am,

GENTLEMEN,

Your most obedient Servant,

W. PARISH ROBERTSON.

London, 9th April, 1850.

THE FOREIGN DEBT

OF

MEXICO.

THE question of the public debt of Mexico due to the British bondholders is one of great importance, as affecting more or less the interests of a vast number of British subjects. It may be broadly stated thus: That while the actual debt of Mexico to her foreign bondholders amounts, with arrears of over-due dividends, to not much short of twelve millions of pounds, it scarcely represents, at this time, an effective value of three millions, thus leaving an apparent loss to the present bondholders, should they wish to realize their property, of nine millions sterling.

Considering how rich Mexico is in her material resources, so startling a result in her monetary position, *vis-à-vis* with England, demands every investigation on the part of her foreign creditors; and it is, accordingly, with no small pleasure that I now propose to enter on a detailed account of my mission to Mexico, as Commissioner of the bondholders, with the results which I have been able to obtain. But, in laying my statement before the public, I must at once bespeak the indulgence of my constituents. The complicated and uncomfortable position in which I now stand, makes it absolutely necessary for me to trace, somewhat minutely, the whole course of events connected with my mission, and the interests of the bondholders, from the autumn of 1848 to the present time; for although I shall have to claim a patient hearing from the Mexican bondholders, to whom alone indeed the more minute details of this report can be of much moment or interest, I think they will be glad to obtain that insight into the state of their affairs which cannot fail to follow from a fair examination of the whole case.

I cannot promise to be brief, because, to understand the business properly, much

of the correspondence which has taken place must be embodied in my report; but I shall keep as closely as I can to facts and necessary explanations, abstaining in their course, from mere declamation or exaggerated expression of feeling. At the same time the question of my mission is connected so intimately with my personal reputation, that I must be pardoned if, much against my will, I find myself called on to vindicate my proceedings from the time I accepted the nomination of commissioner up to the present day.

Having clearly perceived, as soon as I heard of the treaty of peace between Mexico and the United States, how much entitled to a large share of the indemnification money the bondholders were, and yet how hopeless their participation in that grant would prove to be, were we simply to demand it from London through our usual channels; and feeling, at the same time, that some new arrangement ought to be entered into for the future payment of the Mexican dividends, I proposed to my colleagues that I should go to the city of Mexico, as a special commissioner, to represent the interests of the bondholders of that republic, and act for them to the best of my abilities. The committee, agreeing in my views, thought I might go out as delegated from their own body; but to this I objected, and required that a public meeting of the bondholders should be called to sanction or not, as they chose, my mission.

When that meeting was accordingly held, I stated that I should feel disinclined to go to Mexico unless it were the unanimous wish of the bondholders that I should undertake the mission; and, without any dissentient voice, the committee was authorized to take the neces-

sary steps for my proceeding to Mexico, accordingly, as special commissioner of the bondholders.

The general meeting took place on the 6th of September, 1848, and on the 11th the committee gave effect to the declared sense of the body by passing a resolution to intimate the nomination to me; in consequence of which I at once made my arrangements for undertaking my voyage without delay.

My first point was to communicate with H. M.'s principal Secretary for Foreign Affairs, who, I unfortunately found, was absent from town. I conceived that an interview with his Lordship, previously to my leaving England, was indispensable; and as he was absent from Downing-street till early in November, I could not till then carry out my preliminary steps. I had at length, however, the honour of an interview at the Foreign Office, and the nature of what passed will best be drawn from the following letter which I addressed to Lord Palmerston on the 13th of November:—

Equatorian Consulate General,
13th November, 1848.

MY LORD,

Indisposition has prevented me, till to-day, from availing myself of your lordship's permission to state the views I entertain in regard to my mission to Mexico, as the special delegate of the British bondholders of that state, and to point out the mode in which I believe it might be most beneficially worked out with your lordship's support.

I have first to bespeak the indulgence of your lordship while I advert for a moment to my position, personally, in this business. A general belief prevails, and in many instances a sanguine hope is expressed, that my mission will be attended with considerable success; much reliance being naturally placed on the undeviable justice of the claims of the bondholders, and a good deal expected from the experience I have obtained in Spanish American public business, acquired during a long residence among the new republics, and by dint of large monetary transactions with them.

This confidence in the result makes me naturally feel the deep responsibility which rests upon me, and renders me most desirous of securing every element of success that I can consider as legitimately within my reach.

The business in question must, I think, be considered, from its nature and mag-

nitude, as more national than private, as more affecting classes and masses than individuals. The amount at stake is upwards of eleven millions sterling, and the parties interested form, of course, a very numerous body of British subjects. Thousands of families, it may be safely affirmed, are interested in the payment of Mexican dividends; and, in a multitude of cases, their daily wants are affected by the greater or less punctuality of the Mexican government.

But the solution of this mission, my lord, is not confined to Mexico itself; it has a large and most important bearing on the whole question of foreign loans, in which a great mass of British property is locked up, and in most cases standing in no small jeopardy. The amount has been publicly stated by your Lordship at 150,000,000 of pounds sterling. This great aggregate sum will undoubtedly be benefited by my success with Mexico; while all other loans will no less certainly suffer deterioration by a failure of my endeavours to obtain justice for the Mexican bondholders.

Before I proceed further, perhaps your Lordship will permit me to say that the nature of my present communication is confidential; that is, it forms the commencement of my undertaking as special commissioner of the Mexican bondholders, and is not intended in any way to be now made public. The powers of the bondholders having been duly and officially delegated to me, I act entirely on my own responsibility and discretion, and am not called on to communicate, at this stage of the business, that which, being disclosed, might injuriously affect the course of my negotiations.

Under this view, it is my duty to state to your Lordship that I consider the greater or less success of my mission will entirely depend on the amount of support which H. M.'s Government may deem right to extend to it.

Permit me to assure your Lordship that the more direct and efficient that support shall be, the greater satisfaction it will give to the general commercial and monetary interests of this country. The most powerful representatives of these interests, however separated by political creeds and opinions, blend into one on this all-important question; and I know of no policy which could be adopted by H. M.'s Government that would meet with such universal support as that of a vigorous interference on behalf of the British creditors of foreign states. Ou

this point I speak confidently, from a very intimate knowledge of public opinion in the city of London and other places.

It is an undeniable fact that, with one honourable exception, none of the Spanish American States have understood or acted on the principle that the maintenance of public credit is the indispensable basis of public prosperity. They have ever acted on the reverse of that principle; and for the influence of such views, with the action consequent upon them, I must be prepared in Mexico. A difficult task indeed it is to get any of these governments to raise taxes at home, in order to keep faith with their creditors abroad, however plain and palatable their duty to do so may be.

It is said, my lord, that, if British subjects will imprudently trust their capital into the hands of foreign governments, the former must abide by the consequences, and must not expect such an interference in their favour on the part of their own government as might lead, in carrying it out, to serious inconveniences in an international point of view. But apparently the true principle to be laid down is that, while as a matter of right the British Government must hold itself to be entitled, at all times, to interfere for the purpose of procuring redress for British subjects when wronged by foreign powers, yet that the *modus operandi*—the time, extent, and manner in which the interference is to be undertaken—the executive government must itself determine. Under this view each act of wrong would come to be examined on its own merits; while one particular question, in its adjustment, might happily serve as a precedent for the arrangement of analogous cases.

The British creditors of Mexico trusted that state because, in assisting it to consolidate its independence, there was not only a full reliance on the good faith of its government, but because it was clear and demonstrable that the country possessed the most ample and superabundant resources for the fulfilment of its legal and national engagements.

That these resources still exist to their fullest extent is too notorious to require any proof or detail to be adduced here. Tested, indeed, by its relative riches with other countries, perhaps no other, in proportion, has so moderate a public debt to provide for as Mexico.

And yet, my Lord, the history of the debt of Mexico to her British bondholders is

one of constant sacrifice on the part of the latter, without attaining any substantially better position in return. The sacrifices have been made; but the object for which they have been submitted to, has always been lost sight of by the Mexican Government. If the bondholders were imprudent in the first instance, in lending their money to so rich a country as Mexico, they have paid ample forfeit for their *laches*; and H. M.'s Government will find that now, at all events, it has nothing but the clearest principles of justice to sustain, when calling upon Mexico to fulfil her *last* deliberate, and for herself highly advantageous compact with her British creditors. All previous contracts were then annulled, and substituted by the one now existing, based on a new and large sacrifice of English property.

Your Lordship will easily comprehend that I can be no party to any further concession on the part of the bondholders on such terms as have heretofore been accepted; but as the very life of capital consists in its yielding some annual and regular return, however small, I should cheerfully listen to a further modification favourable to Mexico, provided the bonds were thereby placed on a footing of yielding a *certain* and *punctual*, if even an inadequate return.

I can see but one way, my lord, of realizing so desirable an arrangement with the Mexican Government as I have here indicated; it is by a strong and earnest endeavour to induce it to remodel with me its obligations for the payment of principle and interest of its foreign debt, under the mediation, and with the intervention of the British minister at Mexico.

Could we prevail on the executive and legislative powers of that state to entertain the proposal, and to carry it out, I trust your Lordship would be no obstacle in the way to prevent H.M.'s Government from lending its sanction to so desirable a measure; and in this case I should have to beg of your Lordship to give such instructions to H.M.'s minister in Mexico, as would lead him to co-operate earnestly with me in maturing and perfecting a plan, to be carried out on the basis at which I have here glanced.

I am well aware that the present policy of H.M.'s Government does not permit such a direct interference as might lead to a rupture with those foreign states which leave their public and recognized obligations to British creditors in abeyance; but I humbly submit to

your lordship that the plan which I suggest might be realized in a spirit of perfect amity, and it would certainly lead to the desired point of having some substantial justice done to the suffering creditors.

Whatever may be the determination of your Lordship on this point, I beg very gratefully to acknowledge your kindness, and the desire manifested of furthering the object of my mission, in your Lordship's offer to grant me all the facilities which have heretofore been accorded in similar undertakings, and particularly in your Lordship's intention to desire H.M.'s representative in Mexico to introduce me officially as the recognized commissioner of the bondholders; to express to the authorities the desire of H.M.'s Government that my mission may terminate to the satisfaction and advantage of both parties; and to offer every friendly assistance and co-operation towards accelerating and completing this desirable consummation.

I take the liberty of enclosing, for your Lordship's perusal, a copy of the letter of credentials and introduction which I carry with me for the Minister of Foreign Affairs in Mexico. I presume it may not be consistent with the usage of H.M.'s Government to evidence any *quasi*-recognition of a mere mercantile functionary like myself, by intrusting me with a letter directly to the minister of Foreign Affairs; but I think it not unimportant, as I trust your lordship will not judge it impertinent to the question, to observe, that such a recognition would greatly and undoubtedly advance the cause which my constituents have done me the honour to place in my hands.

I propose leaving England for Mexico, *via* the United States, as soon as your Lordship may be pleased to favour me with an answer to this communication.

I have the honour to be, &c.,
W. P. ROBERTSON.

I have thought it well to give my letter to Lord Palmerston in *extenso*, because I wish it to be seen that, from the first, I did not conceive I could procure for the bondholders an *effective* payment from Mexico of 5 per cent. on her debt of ten millions sterling; and that it would, therefore, be preferable to secure a punctual payment, for the time to come, of a lower rate of interest. Everything which I have since seen has practically confirmed me in the soundness of my original view.

Lord Palmerston's answer was what I

had anticipated: a strong desire on the part of H. M.'s Government to assist the bondholders was expressed; an intimation that Mr. Doyle would introduce me to the Mexican minister; and that he would be directed to render me, unofficially, every assistance in his power.

I sailed from Southampton, accompanied by my daughter, who was afterwards of great use to me in Mexico, on the 2nd of December. We were shipwrecked, and nearly perished on the Alacranes Reefs, on the 14th of January: we reached Campeachy, in Yucatan, after many sufferings, on the 18th of the same month. A dangerous fall I had had on board the "Forth", (while on the reef), detained me at Campeachy for nearly three weeks. On the 9th of February we finally arrived at Vera Cruz, where we were most kindly received by Mr. Jonson, resident partner of the house of Manning, Mackintosh and Co.; and on the 26th of the same month, we were welcomed to the city of Mexico by Mr. Mackintosh himself.

The first official letter (No. 1) which I addressed to Mr. Robinson, as chairman of the committee of the South American bondholders, was dated Vera Cruz, 10th February, 1849, when I informed him of the losses which I had sustained by the wreck of the "Forth," the most distressing to me being that of all my papers, letters, credentials, &c. and begging that duplicates of all those I had taken from the committee might immediately be sent out. I explained the cause of my delay at Campeachy, and gave such slight information of the actual state of the bondholders' affairs as I could glean at Vera Cruz.

My No. 2 was from Mexico, by the following packet, and I must here transcribe it at length, as it opens up the whole business of my mission. The only paragraph which I have omitted is in reference to the Mexican mission in London, a matter which I held at the time (and now hold), as being *strictly* private, although the Spanish American committee has alluded to it in the public prints of this city.

Mexico, 13th March, 1849.

DEAR SIR,

I beg to enclose copy of my letter of 10th ult., and to refer to its contents.

I did not arrive in this city till the 24th, when I was very kindly welcomed by Mr. Mackintosh, and he delivered to me your letter of the 1st day of this year, to which I shall at once reply.