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BRITISH MERCHANTS IN CHILE AND ON MEXICO'S
WEST COAST IN THE MID-NINETEENTH CENTURY:
THE AGE OF ISOLATION

INTRODUCTION

This paper is a discussion of some aspects of British mercantile activity on the west coast of Latin America in the mid-nineteenth century. Because the emphasis is on the British side of the trading exchange, more is made of overall similarities than differences, and it is argued that such similarities were more significant than the differences. On the other hand, conditions within the two countries could hardly have been more different. Commercial activities in Mexico tended to be obscured by political events and their military accompaniments; what Robert Louis Stevenson called the 'furor consularis' has tended to overshadow the fact that merchants, British, foreign and native, carried on business as usual with remarkable aplomb, even as politicians, diplomats and soldiers expended letters, epithets and sometimes bullets in the cause of their respective interests. In Chile, on the other hand, order reigned, and commerce thrived. But in both countries, the means were the same, as was the end: profit.

I

British merchants began to trade legally with the emerging Latin American nations as soon as they opened their ports during the wars for independence. Before, the British had been major practitioners in the contraband traffic that had been a part of the Spanish American Empire's commerce almost from its founding. Independence gave legality and continuity to a trade that already existed, and this enabled foreign merchants for the first time to treat Latin American business as a permanent operation: no longer did they have to make unadvertised, unexpected, and illegal

appearances off ports or accesible parts of the coast to sell their wares, and they could now pick up any available return cargoes.

Independence provided the opportunity for legitimate commerce but in some ways foreign merchants found their position, despite its legality, as precarious as in colonial days. Illegal trade –smuggling– had been possible under the empire because it was accepted, the rules of the game were established. With independence, the rules changed –and changed repeatedly. While ports were open, tariffs, always arbitrarily determined and subject to revision, and the exactions impecunious authorities meant that expatriate merchants (and local ones) operated in an unpredictable economic climate. On the west coast of Latin America, the uncertainty was compounded by uncertain communications. For Britons, the “communications gap” with home –whether with suppliers, partners, or relatives– was many weeks for letters, and months for cargoes. The opening of the transisthmian railway in Panama in the 1850s speeded written communications, but had no effect on bulk cargoes, and could produce only quicker reassurance concerning –or condemnation of– business decisions made on the coast.

British merchants on the west coast of Latin America, then, operated on their own. They were ignorant of market conditions at home, both for the goods they imported to sell to Mexicans or Chileans, and for the staples they sent back to Britain. They had to be knowledgeable about two markets - the one they operated in on the coast, essentially for manufactured goods, and the metropolitan one, which in the case of Chilean and Mexican products, was for commodities (wheat, all from Chile) and metals (silver from both countries, copper from Chile). In the period here considered, that before the great nineteenth century depression that began in the mid 1870s, merchants conducted their business with out-of-date, if specific, knowledge of conditions in Europe. Whether they liked it or not, and most did not, merchants were speculators, dependent upon weeks or months-old letters for the prices of goods they imported or exported, and aware that what they sold bough might eventually be disposed of at a large loss. The trick was to know one's markets, avoid over-commitments with any one 'constituent', and keep one's nerve.

Business was routine, but rarely easy. Aside from the vagaries of the international economy, Latin American governments introduced other unpredictable factors into the commercial round. All relied upon duties upon foreign trade for a proportion of their revenues, often the largest part, because commercial imposts were the most reliable, being easily collected in a few ports of entry. It was impossible to disguise the arrival of a merchant ship, whereas mule trains could use hidden by-ways, and domestic transactions be concealed. Chile and Mexico were not exceptions to this dependence on foreign trade, so merchants engaged in such trade operated knowing that

governments were at least as interested in their business as they were themselves, but with at best, only a marginal concern for profits. In this era of isolation, foreign firms operated very much on their own in finding an acceptable accommodation between their own business needs and the requirements of the local politicians. In Chile and Mexico, the accommodation was different, not because commercial operations differed, but because the political contexts varied so much.

The basic structure of commerce, indeed, was the same. Trade was organized by commission houses, that made the bulk of their income from commissions upon sales made, whether imported goods (mostly British) or exports from the host country, again normally to Britain. Britain's enormous capacity both to import and to export meant that British firms had inbuilt advantages over the rivals, European and North American, that appeared in Latin American harbours simultaneously with themselves. In Chile and Mexico, traders from the Baltic, German ports, France, Italian states and Spain arrived with, or very shortly after, the British, and stayed to compete with them. In the seventeenth and eighteenth centuries, in Asia, such rivalry led to the creation of exclusive 'empires of trade'. In the nineteenth century, at least in Latin America, the result was fierce commercial competition between the various national groups, (often all offered British goods to their customers). In this competition, Britain was the winner, achieving a dominance in trade so great as to rival that achieved in the old mercantilist empires: hence the 'imperialism of free trade'.¹ Yet if trade was no longer equated with political control, politics could be ignored only at one's commercial peril.

II

In Mexico and Chile, the dominant powers in foreign trade were a few commission houses whose interests reached back to Europe, north and south along America's west coast, and west to Australasia and Asia. Most originated in Europe, though this was not an important factor in Chile, as the government treated native and foreigner alike. In mid-century, there were perhaps twenty such British establishments located at Valparaíso. An 1849 count gives 17 of

¹ For an accessible account of the mercantilist empires, see Holden Furber, *Rival Empires of Trade in the Orient, 1600-1800*, U. of Minnesota, Minneapolis 1976 and on "The imperialism of free trade" the classic article of that name by J. Gallagher and R. Robinson *Economic History Review*, 2nd Ser. 6, 1953, 1-15.

the 73 principal wholesale merchants' as British; Duffy's 1862 guide to Valparaíso identified the same number of firms doing business 'with English and American shipping' i.e. in the import-export trade, of which two were Chilean and two or three North American, the remainder being British.² Four lasted into the twentieth century: Gibbs & Co., Huth, Gruning & Co., Duncan, Fox & Co., and Williamson, Balfour & Co. (to use their final names) of which the first two arrived in the 1820s, the third in the 1840s, and the last in 1851.³ In the 1850s their survival could not be predicted, but they were examples of the success that could be obtained and their continued survival, or, in Williamson, Balfour's case, creation, demonstrated the opportunities of the trade.

The situation on Mexico's west coast was different. There, there was only one significant British house, but it dominated trade. This was Barron, Forbes & Co. Its senior partner was Eustace Barron, who had come to Mexico after spending the years 1818-22 in Peru, while the other partner, the Scot Alexander Forbes, had been in "Spanish America" since about 1819.⁴ Together they established their firms at Tepic and San Blas in Jalisco state, and by 1848, Barron described it as 'the principal British establishment on the West Coast of Mexico, and the only British house of business of any standing there'.⁵ Unlike in Chile, there was no significant competition from British houses and none from small traders: 'it is the peculiarity of the business carried on in the Mexican ports of the Pacific that the merchants are mostly large importers receiving at a time whole cargoes of considerable value'.⁶ In San Blas and Tepic, Barron, Forbes stood alone, and they had correspondents in Mazatlán and Guaymas to the north.

A characteristics of the long-lived houses in Chile was close relations with a similar, but senior firm in England. The Balfour, Williamson articles of partnership clearly laid down the objects of the business:

The main duty devolving on the Liverpool House to be the procurement through purchase or on consignment of goods to the address of the Valparaíso House; and

² *El Mercurio*, 2 May 1851; Arnold Bauer, *Chilean Rural Society from the Spanish Conquest to 1930*, Cambridge 1975, 38, table 4; J.W. Duffy, ed. *A Handbook to Valparaíso* Valparaíso 1862, 39.

³ *El Mercurio* 19 Jan., 5 March 1828 for advertisements; E.E. Davies, *Short History of Duncan, Fox & Co. Ltd. 1843-1956* typescript Santiago, 1956; *Balfour, Williamson Papers* University College London, Articles of Partnership, 11 Jan. 1851.

⁴ Barron to Pakenham, 2 Nov. 1827, Public Record Office London, Foreign Office Papers F.O. 204/4 (1) (hereafter F.O.); Forbes to Barron, 26 Nov. 1835. F.O. 203/16.

⁵ F.O. 50/223 Barron to Palmerston, Paris 18 Nov. 1848. Barron was at this time making a grand tour of Europe, which included a papal audience.

⁶ *Parliamentary Papers* (G.B.) XXXVIII 1857, Consular Report, San Blas 1855-56, p. 65.

the main duty of the Valparaíso House is to be to effect sales, as also to procure through purchase and on consignment the produce of the West Coast of South America to the address of the Liverpool House.⁷

Because the capital originated in England and the senior partner was based there (for example, no member of the controlling Gibbs family even visited the west coast between the mid 1860s and the early 1880s) ultimate control remained in metropolitan hands. Generally partners at each end worked harmoniously if sometimes anxiously together, their cooperation cemented by their desire for profit, and knowledge that they bore unlimited liability for their failures. All the houses remained partnerships: 'To perform the position of a merchant properly, one has [to] have a much more direct interest in the risks run than a set of Directors can have'.⁸ Usually each partnership lasted three years, but partners, of course, might remain for decades.

There was much about business on the west coast to preoccupy resident partners and frighten their seniors waiting anxiously in England. Some, such as Huth, Gruning & Co., annexed to their articles of partnership lists of rules to guide their west coast partners. Their main object was to enjoin caution in all transactions, and particularly to prevent either speculation or over-advancing.⁹ The problem was to find the happy medium, and some risk was inevitable and acceptable. As Antony Gibbs & Sons told their west coast house William Gibbs & Co.: 'We do not want our consignment business to be curtailed when it can... be obtained with reasonable advances and proper security by way of insurance'.¹⁰ The aim was that capital 'should be actively employed in shipments from one side or the other, and not upon dead works which cause it to lie idle'.¹¹ However, the normal conditions of business did in fact lock up money. At one time Huth, Gruning attempted to limit credit to six months, and failed: in sugar the house found its 'trustworthy purchasers' demanded at least eight months credit.¹² One merchant compared conditions in Chile with those

⁷ Balfour, *Williamson Papers*, Articles of Partnership, 11 Jan. 1851. In England, this firm was Balfour, Williamson, in Chile the names were reversed.

⁸ *Williamson Letterbooks*, Balfour, *Williamson Papers*, University College London 3, S. Williamson to A. Balfour, 1 Sept. 1865. Williamson considered joint-stock companies "unenglish".

⁹ *Hutch Papers* Guildhall, London MS 10700/S, Annexed to Articles of Partnership, 10 April 1863.

¹⁰ *Gibbs Papers*, Guildhall London MS 11471/1 Antony Gibbs & Sons to W. Gibbs & Co., 2 March 1860.

¹¹ *Ibid.* 8 April 1859.

¹² *Huth Papers*, MS 10700/S, Bart G. Browne to F. Hutch & Co., 16 Aug. 1853 F. Huth was the London house of Huth, Gruning.

in England: in the latter, if one did business worth £ 100,000 in a year, there would be no more than £ 10-12,000 outstanding at any one time, but in the republic the figure would be £ 50-70,000.¹³

Capital, then, was the basis of commerce, yet the partnership was a form of business organization that by its nature imposed limits on its availability. Firms were dependent upon their partners' fortunes and credit ratings, plus whatever loans or deposits they might attract on the coast. A small firm could extend this by doing all its business on commission or joint account and so make a small capital go a long way: witness Balfour, Williamson which began with £ 15,000 of borrowed capital and whose net assets in 1884 were £ 751,270.¹⁴ But in general the biggest firms were only large in the west coast context. The largest was almost certainly William Gibbs & Co., which employed an average capital of \$ 3.25 million (about £ 640,000) on the coast in the years 1853-57.¹⁵ However, Gibbs was untypical in that it was closely tied to some of the most important Chilean miners. Perhaps more typical of the larger houses was F. Hutch Gruning & Co., which in 1848 reduced its capital from \$ 400,000 to \$ 300,000 where it was maintained for at least four partnerships.¹⁶ The reasons for this unusual act are unknown; however, it appears to have coincided with the ending of relationship with a mining company. What is significant is that despite the large capital reduction, the firm remained one of the largest and most respectable at Valparaíso. Overall, it appears that the partnership was eminently suited to the type and scale of west coast business operations that the British concentrated on: the organizing and servicing of the import-export trade.

In Chile they did this in a benign political climate. Socially, they were easily accepted, and Chileans noted and generally approved of their modernising ways. Government, of course, taxed them, as it did the other merchants, but it also appreciated their presence, and made use of the skills Britons could provide. In these circumstances, official British representatives had little to do, other than making sure Britons were not discriminated against, but even here the Chileans usually made up their own minds, rather than responding to British representations.¹⁷ Britons served on the *tribunal de pri-*

¹³ *Duncan Fox Papers*, in possession of Duncan, Fox y Cía., Santiago, *Old Letters 1854-59*, J.P. Lynill to S. Meyer, 15 July 1987.

¹⁴ *Balfour Williamson Papers*, Articles of Partnership 11 Jan. 1851; *Williamson Letter-books*, 4 S. Williamson to R. Balfour, 22 Oct. 1884.

¹⁵ *Gibbs Papers*, MS 11471/1, A. Gibbs & Sons to W. Gibbs & Co., 24 Feb. 1854.

¹⁶ *Huth Papers*, MS 10700/S, F. Hutch, Gruning & Co. to F. Hutch & Co. 5 Jan. 1849; Extension of Partnership from 16 April 1863, 16 Dec. 1862.

¹⁷ J. Mayo, *British Merchants and Chilean Development 1851-1886*, Westview Press, Boulder 1987, 65-66.

mera instancia of the *cámara de comercio* that regulated the merchant community, and acted as arbitrators when the parties agreed to submit themselves to this process.¹⁸ Furthermore, government policies were consistently implemented and the *aduana* generally confined its exactions to those laid down in the tariff schedules. All in all, British merchants had few extra-commercial worries in Chile.

The general security and prosperity of the country was reflected in the existence of a British population that grew from some two thousand to four thousand in the years between 1854 and 1875, when the total foreign population went from roughly five thousand to eleven thousand. Between a third and a half of the Britons lived in Valparaíso, the commercial centre of the country, the rest largely in the mining provinces of the Norte Chico, and Concepción.¹⁹ These were all areas visibly participating in import-export trade, and there British skills found ready markets. However, the existence of the British colony is significant not because its presence helped create Britain's trading dominance - Britain maintained a similar position in countries where the resident British populations was negligible - but as an indication of the republic's "order and progress" in foreign eyes by mid-century. In modern terms, the economic and political climate was "pro-business", and neither government nor people were xenophobic.

III

On Mexico's west coast, the import-export trade was much the same as in Chile: imports of foreign goods, the largest share of which came from Britain, and the export of a few staples, in this case almost entirely silver. And as in Chile, the trade was organised by commission houses, though there were fewer of them, and Barron, Forbes' pre-eminence was unequalled by any of the Chile houses.

However, there were significant differences. There was no equivalent to Valparaíso, which acted as principal port of entry for Chile and as an entrepot for the west coast of South America, had significant connections with Central and North America, as well as being normal land-fall for trans-Pacific commerce. Instead, three ports handled the bulk of Mexico's west coast trade.

¹⁸ *Ibid.*, p. 101.

¹⁹ *Ibid.*, p. 13; J.R. Couyoumdjian, *Chile y Gran Bretaña durante la Primera Guerra Mundial y la postguerra, 1914-1921*, Editorial Andrés Bello, Santiago 1986, 29.

These were San Blas in the state of Jalisco, Mazatlán in Sinaloa, and Guaymas in Sonora.

San Blas was the worst port, owing its existence to the relative proximity of Guadalajara. For at least half the year, its climate was regarded as insupportable, and impression reinforced by the mosquitoes from the surrounding swamps and streams. Even though Barron, Forbes & Co. made it the centre of their shipping operations, the partners lived as much as possible at Tepic, some eight or nine hours inland. Yet it was adequate for the numbers of ships it handled and the inconveniences to health and living caused by the swamps were more than counterbalanced by the advantages these same conditions gave to smugglers.

Mazatlán and Guaymas were both better ports, offering more protection to larger numbers of ships. Neither, however, could boast the activities of a house as large as Barron, Forbes, of any nationality. Instead, each port had several firms which corresponded with each other, and up and down the coast, so that merchants could be reasonably certain that their interests would be protected, or at the least, that they would be informed of what was happening.

For commercial conditions in Mexico were much more uncertain than in Chile. Chile had been no more immune to contraband than the rest of the empire, and the problem remained after independence. However, in the 1830's improved administration, associated with the name of finance minister Rengifo, led to declines in the level of contraband.²⁰ In the period here considered, contraband was in no way a problem of the magnitude that faced the Mexican administration.

The trading of precious metal (silver, in specie or bullion) seemed simple, but in practice was not. The Mexican Government changed its tariff regime sufficiently frequently to confuse both the collectors and the merchants who paid them. In June 1853, the French consul at Mazatlán, Philippe Martinet, listed the tariffs that had been in effect in that year. The first was the 1845 one (with 1848 additions), which was replaced on 17 January by the Avalos tariff, which in turn was superceded by that of Ceballos. He now was informed that Santa Ana would issue a fourth. He pointed out the difficulties merchants faced: 'a ship sent from Mazatlán for Acapulco, under a particular customs regime, bears at the time of its discharge the duty of a more recent tariff unknown at the time of departure. It would be lucky if the cargo were not embargoed on arrival'.²¹

²⁰ J. L. Rector "Merchants Trade and Commercial Policy in Chile: 1810-1840" Unpub. Ph.D. diss. Indiana University 1976, 96.

²¹ *Versión francesa de México. Informes económicos*, Secretaría de Relaciones Exteriores, México, 1974. II, 9-10 Martinet to Min. of Foreign Relations, 5 June 1853.

Sudden variations in tariff rates posed one problem for the trader. Another was the level. Mexican governments had no more reliable source of revenue than 'port taxes' – duties on imports and exports – which had the further advantage that foreigners, controlling as they did the bulk of foreign trade, paid them. This avoided offending i.e. attempting to tax important domestic interests, and in any case the foreigners were able to pay in cash. The result was that import and export duties constituted a steady and relatively reliable source of income, to which the republic's government had made frequent, sudden recourse since independence. Valuations of imports were arbitrary and naturally made more with domestic considerations in mind than the value of the article or the traders' concern with profits. The invariable result was that duties were high. In 1829, reporting from the west coast, the British vice-consul at San Blas noted that 'all British goods introduced pay an average of 150 percent of duties on their first cost'.²²

Through all the changes, merchants could be certain that charges on most of the goods they imported would be high. Sometimes, too, 'they found that goods ordered under one tariff regime became illegal before they arrived. In 1842, the British Minister at Mexico City secured a six month grace period before prohibited goods, legally acquired, would be publicly burnt, as required by a recent decree.²³

Export duties varied unexpectedly. In 1843 the British Minister reported the actual rates that came in under the tariff of April 1842. Duties imposed were two percent on gold and silver coin on arrival at port, plus one percent if the coin circulated from one department to another, and an export duty of six percent, instead of the two percent on gold and three and a half percent on silver. Otherwise Britons liked this tariff as it lowered the rates on British staples, though the Minister had to intervene to keep the rates, which were under attack from 'the old Spanish party' and the manufacturing interest'.²⁴ (Such interventions were made when the minister or chargé thought fit and sometimes on Foreign Office instructions;²⁵ their effectiveness varied.)

A final hazard was what merchants regarded as illegal exactions and seizures by government officials. Some such stories had happy endings, from the merchants' point of view. For example in 1848, the British Minister

²² F.O. 203/44, N° 1, Barron to O'Gorman, 1 July 1829.

²³ F.O. 50/153 Pakenham to Aberdeen, 6 Jan. 1842.

²⁴ F.O. 50/161 N° 6, Doyle to Aberdeen 24 April 1843; F.O. 50/161 N° 38, Pakenham to Aberdeen, 2 May, 1842.

²⁵ For a Chilean example see Mayo, *British Merchants and Chilean Development*, Westview, 1987, 65.

complained that Barron, Forbes & Co. had had some \$ 52,500 confiscated by the administrator of the Customs House at Tepic, these funds being intended to purchase cotton for the firm's manufactory at Jauja.²⁶ The protest was successful. A later case occurred at Mazatlán. In May 1855 General Miguel Blanco siezed \$ 25,000 from the British bondholder's chest at Mazatlán, allegedly to pay the arrears in wages due to his troops. The British Minister had no hope it would be repaid.²⁷ A former British Minister opined that this 'beats even the common run of Mexican iniquity'. His successor reported that Blanco used his cabinet-minister brother's influence to keep Guaymas closed to trade to Mazatlán's and his own benefit, as he always needed money for his men.²⁸

In these circumstances, merchants turned to contraband to keep trade moving, and looked to "powerful friends" and/or their home governments for protection. The result was a system of clandestine trade that was so widespread as to be universally known and so generally practiced as to be the norm.

Commercial morality seemingly ceased to apply in dealings with the government, at the same time that ordinary business transactions between supplier and purchaser were pursued with normal honesty. Indeed, so institutionalised was such commerce, that the British Minister remarked (of Mazatlán, but his comments applied to the whole coast):

...almost all the Commercial transactions are carried on in illicit manner, but it would hardly be fair to the Merchants to call them smuggling transactions, because they take place with the connivance of the authorities or in consequence of private arrangements made with the government itself – the result brought about is that the legal tariff is constantly set aside by the local authorities whenever they want money to pay troops, on the chance of their conduct being approved, and constant and most disagreeable questions arise from the virtual existence of a different tariff on the Western coast from that in force in Ports of the Gulf of Mexico.²⁹

From a mercantile point of view, 'business as usual' meant 'contraband as usual', and within this framework, the pursuit of profit governed trade, just as in more staid countries.

²⁶ F.O. 204/98 Doyle to Luis de La Rosa, 15 Jan. 1848; *ibid.*, Nº 6 W. Forbes to Doyle, 19 Feb. 1848.

²⁷ F.O. 50/278 Nº 14 Lettsom to Clarendon, 5 June 1855.

²⁸ F.O. 50/279, Doyle to Clarendon 10 July 1855; Lettsom to Clarendon, 19 July, 1855.

²⁹ F.O. 50/269 Nº 105. Doyle to Clarendon, 3 Nov. 1855.

IV

Imports came principally from Europe, and especially, from Britain. Ships would carry, and merchants would sell, any goods that would find a market, without regard to flag of carrier or provenance of article. So French merchants would sell their own wines and British glassware, and British merchants would sell their own textiles and French wines, which might arrive in a British, Hamburg or French ship. In terms of value, most goods came from Britain in the 1850s. The British consul at San Blas reported that at his post in the years 1855-1856 "it is satisfactory that the British proportion in the imports constituted about four-fifths of the whole amount".³⁰ This was a high proportion; the French consul at Mazatlán reported British imports worth \$ 1,000,000 out of \$ 1,550,000 in 1855, and \$ 590,000 out of \$ 1,190,000 in 1856. He qualified the 1856 figures, remarking that he had not been able to check them, at times having to content himself with approximate estimates.³¹ Barron may have been wrong, or he may have had better sources than his French colleague at Mazatlán. Given the power of Barron, Forbes & Co. at San Blas, this could have been the case.

But the firm's power was limited. Barron was the senior British consul on the west coast, and his territory included the ports of Guaymas in Sonora and Manzanillo in Colima but he was unable to get accurate returns for 1854 though

during the past year several cargoes were received direct from England, but as the parties engaged in this branch of Trade are seldom willing to furnish the necessary information owing to their desire of avoiding any inquiry into their operation...

Consequently he had to rely on the Customs House figures, which were not accurate.³²

Yet Barron, his fellow consuls, and the merchants knew far more than Government, as against Government's servants, about the state of trade. Government learnt only what its servants decided to tell about the results of landing "formalities" which Rear Admiral Seymour explained to the Admiralty in 1846:

³⁰ *Parliamentary Papers* XXXVIII 1857, 64, Consul Barron's Report, dated 20 March 1857.

³¹ *Versión francesa de México*, P. Martinet to Foreign Minister, 16 Jan. 1856, 61; same to same, 4 Jan. 1857, 81.

³² F.O. 50/284 E.W. Barron to Foreign Secretary 20 March 1855.

Vessels arriving off that Port [Mazatlán] usually remain in the offing, until their consignees have made their bargain with the officers who control the Customs, as to the reduced terms on which their cargoes may be landed.

The interest of the Individuals and the fear the Vessels may go to some other port on the coast and smuggle her cargo, at the end of a short time always renders these negotiations effectual.³³

In the same despatch, Seymour commented that the "Trade with Europe was confined nearly to Mazatlán". Given that Mazatlán was a good port (unlike San Blas) and was positioned at the entry to the Gulf of California, this was to be expected. It was a convenient distribution point, offering plenty of room for the "hovering" ships. However, the other ports had their uses. Guaymas, another good harbour, was not a great centre of imports, its hinterland being circumscribed by desert and the U.S. frontier to the north, but it was an important base for the contraband export trade.

San Blas was a case of its own. A poor harbour, it served a hinterland that was organized from Tepic, and whose centre was Guadalajara. These circumstances, and the presence of Barron, Forbes & Co. gave it an importance its inadequate anchorage and marshy environment might appear to preclude. A commentator wrote that San Blas was the only port in the Tepic district that produced any commercial activity. Its inadequacies, then, were countered by its location in relation to the hinterland. However, the same person noted that the profits went to Barron and a few others engaged in contraband on a large scale. Indeed, he remarked without San Blas and textile manufactories of Jauja, San Cayetano, and Bella Vista, 'it would be possible to say that the trade of the 7th canton [Tepic] was dead'.³⁴ Jauja was owned by Barron, Forbes & Co., Bella Vista by their great rival for trade, political influence, and textile manufacturing, J.M. Castaños. It was no coincidence that trade and manufacturing went together, for the former funded the latter, at least initially.

No other British merchants achieved the status of Barron, Forbes & Co.; there may not have been room for more than two firms of such a size on the coast. Certainly the numbers of Britons never approached those in Chile. Figures are sparse, but in Mazatlán, there were, in 1851, only fifteen Britons, of whom four were merchants, and by 1854 the number had declined to fourteen.³⁵ The British consular agent Stuart Thomson, who reported to

³³ Adm. 1/5577 N^o 10 Rear Adm. G. Seymour to Admiralty, 26 Dec. 1846.

³⁴ Silverio García, "Cuestión de Tepic" *Artículos publicados en El Estado de Jalisco*, Guadalajara Tip. de Banda Sta. María de Gracia núm. 46, 1878, 117.

³⁵ F.O. 204/107 Barron to Doyle, 14 April 1851; *Versión francesa de México*, Martinet to Foreign Affairs Minister, 3 March 1855, Annex, 35.

Barron, was the managing partner of Ballingall, Thomson & Co. "the first English commercial establishment at Mazatlán".³⁶

The custom was to appoint a prospering Briton who operated in the particular harbour, or could operate there: in 1847, the consular agent at Guaymas, a merchant named W.N. Rudall, was described as a Mazatlán merchant.³⁷ But despite the small numbers of Britons, and the junior status of Britain's consular representatives, both Mazatlán and Guaymas were significant ports in Mexico's west coast trade. Because of their accessibility, merchant ships repaired to them and as a consequence, there occurred some of the confrontations that help to illuminate the conduct of foreign trade.

In 1854, a dispute developed between the British house of Torre Knight & Co. and the Mexican authorities. On 16 July, a Mexican war schooner seized the *Queen*, a merchant vessel consigned to them in international waters, and Knight feared 'that great damages would be occasioned to them if the... vessel were brought into... Port, and... compelled to discharge... here, under existing circumstances'. Stuart Thomson, the vice consul and a merchant, was very indignant, feeling that the seizure was illegal, generally because it was made on the high seas, and particularly because in defiance of a recent regulation issued by the central government. He denied that the ship had been intending to smuggle:

No Merchant would be so insane as to risk the loss of a valuable Cargo for the sake of landing a few boat loads of Goods on the Coast, still less in the wet season of the Year, in fact during the period of my residence here since 1852 I have known of no goods run on the coast from Foreign Vessels; that there have been frauds committed upon the Revenue there can be no doubt but there is as little, that in every instance they have taken place in the Ports, through the connivance of the Customs House and Government Officials.

Rather, the vice consul believed that the local *comandante de la marina*, one Miron, had made the seizure because he hoped, by compelling the *Queen* to enter to "obtain part of the duties to pay his men, and by Provisions for his Fleet, which is in danger of being broken up for want of funds, and he calculates that the Supreme Government will overlook the illegality of the act he has committed in consideration of the necessitous position of the Navy".³⁸

³⁶ F.O. 204/111 E.W. Barron to Doyle, 23 Nov. 1852.

³⁷ F.O. 204/95 Memo on merchants at Mazatlán and Guaymas, Rudall to Barron, Guaymas, 25 Aug. 1847.

³⁸ F.O. 204/119, N^o 7 Thomson to Doyle, 30 July 1854.

Doyle, the British minister in Mexico City (and not a merchant) did not share the vice consul's indignation. He was aware of Torre, Knight's concern: they had paid \$ 25,000 on account, and wanted to pay duties under a particular tariff, and the seizure might put this arrangement at risk. (Advance payments could be very advantageous to merchants. In 1857, Barron explained that the numerous calls upon the (empty) Mexican Treasury "allows parties in Mexico frequently to obtain, by an advance of funds in payment of duties for expected cargoes, very considerable advantages in their arrangements with the General Government, such advantages being no less sometimes than a reduction of 30 to 40 per cent upon the greater portion of the import duties...").³⁹ On the other hand, he also knew that the vessel had hovered off the coast for fifteen days, and had made signals. Accordingly, he had not protested. It appears that the firm paid the duties, securing some reduction because of the advance payment.⁴⁰

It was only when arrangements between officials and merchants broke down that such incidents occurred. It seems that breakdowns were infrequent, and not usually for business reasons: customs house officials and contrabandists each had too much to lose to disturb the trade in the normal course of events. Torre Knight & Co. ran into trouble when a Mexican official, the local *comandante de la marina* ignored policy for his own good reasons (which did not include enforcing national policy in a disinterested manner). The case of the ship *Tallentite* demonstrates another hazard of the trade. The ship was consigned to San Blas and 'it had been the intention of the owners to get cargo landed by means of private arrangements to be made with the Officers of the Customs House, but those officers having been changed...' So the consignee, Manuel Luna (one of the largest Guadalajara merchants, and a long time connection of Barron's) came forward voluntarily to make the best arrangement possible with the Supreme Government.⁴¹ With the right connections, being caught in the act was at worst negotiable, and at best meant no change.

Exporting was similarly a matter of negotiation, though clandestine loading was more frequent, specie and bullion lacking the bulk of bales of textiles and crates of iron ware. Silver, coined or uncoined, was the west coast's principal export. Foreign merchantmen discharging on the coast could never expect a full return cargo. Mother of pearl and salted hides from

³⁹ F.O. 50/315, N^o 7 E.W. Barron to Secretary of State, 20 March 1857.

⁴⁰ F.O. 50/268 N^o 99 Doyle to Clarendon, 2 Sept. 1854.

⁴¹ F.O. 204/114 N^o 19 Doyle to Barron, 10 Dec. 1853; (and N^o 35 Barron to Doyle, 29 Nov. 1853).

Mazatlán, for example, were not the basis for a large commerce. Silver was, at least in terms of monetary value, but this was not a business for merchant ships. In discussing trade in silver and gold, the French consul at Mazatlán remarked (in passing) that it was there that contraband was carried on a grand scale, and then: 'The English war ships have the almost exclusive monopoly'.⁴²

It was a trade the Royal Navy appreciated, or at least its captains did, as they and the naval hospital at Greenwich received a fee for the passage. Normally, the process of receiving on board the silver was a smooth one, but it was also a well known one, and by the 1850s sometimes an embarrassing one. In 1856, the British vice consul at Mazatlán commented on:

a subject which I approach with reluctance viz the reiterated charges that a large proportion of the specie and Bullion from this Coast is shipped by contraband, and principally by H.M. ships. Certain statements connected with this extremely discreditable subject are put forward as undeniable viz: that three of the richest houses here are known to do little other business than buy Platas in the mining districts, and ship them on the coast. Secondly, that the export of uncoined silver is prohibited except from Guaymas – and that the quantity of coined and uncoined silver embarked in Mexican ports through the Custom house, on board H.M. Ships is small when compared with the amount of the same they deliver in Panama...

After making recommendations that would have required captains to receive silver only at the legal ports, and to leave manifests of cargo and shippers with consuls and vice consuls, he noted that:

were it known here that I occupied myself with measures to impede the contraband export of specie on this Coast, my position would be most unenviable, if not dangerous.⁴³

Thomson may have exaggerated his danger, but certainly those engaged in the business believed in protecting it, and themselves. In 1854 the judge and fiscal of Mazatlán seized and examined Torre, Knight's books for October and December 1853, believing the firm to have exported illegally silver in those two months "and it is evident from the fact of a certain number of leaves being

⁴² *Versión francesa...* II, Martinet to Minister, 18 June 1853, 12.

⁴³ F.O. 50/294, Doyle to Hammond, 3 Sept. 1856, encl. Thomson to Doyle, 12 June 1856.

torn out of the books, during the short time the books were left in Mr. Knight's possession by the judge that the accusation was well founded'. Though Thomson felt the Mexicans had gone beyond the law, Doyle at Mexico City had limited his response to writing to the Foreign Minister for information, because of his 'private information' concerning the case, and rather gloomily recorded his fear that "the House of Torre Knight & Co. is likely to give much trouble".⁴⁴

In this case, the merchants relied on direct action – destroying the evidence – and consular intervention. Once they had delivered their consignment into the hands of the Royal Navy, their worries were over, for the captains of H.M. ships acted to protect their consignments and commissions. In 1853, the collector of customs at San Blas asked Captain Kuper of H.M.S. *Thetis* to land certain named values of uncoined silver and gold shipped by Enrique Freymann, and Blume, Rick & Co. The captain refused, on the grounds that he could not act without the owners' permission (and in any case it was too late), but he pointed out that the cargo was brought aboard in the middle of the day 'from the Port itself', and that he did not know whether the Customs House knew of the shipment, as the authorities there 'have invariably refused to give Certificates with Treasure shipped on board Vessels of War'.⁴⁵ And *Thetis* sailed away. Her cargo is unrecorded, but the *Virago* and *Eclipse* in the same year legally embarked \$ 42,000 and \$ 128,000 respectively, but landed at Panama \$ 335,000 and \$ 400,000.⁴⁶ It is no wonder that Doyle wrote wistfully 'it really would be of great importance to put an end to the smuggling of specie on board our men of war, for smuggling does take place and it is a great cheval de bataille for the Mexican Government and local Authorities.'⁴⁷

Smuggling took place because of the duties; in the case of exports of silver, these could reach more than twenty percent, counting the charges for coining the metal, export tax, cost of assaying, and so on.⁴⁸ There was steady demand for Mexican silver dollars in Britain, where they were melted down for British coins, or used as money in the West Indies. However, such charges could easily absorb the potential profit, so the incentive to smuggle coins, or better still, bullion or silver in various stages of refinement was great. The process, however, had its own costs; the only certainty appears to be that contraband was more profitable than legitimate trade.

⁴⁴ F.O. 50/269 N^o 105 Doyle to Clarendon, 3 Oct. 1854.

⁴⁵ F.O. 204/114, Collector of Customs to Kuper, 5 July 1853; Kuper to Collector, 6 July 1853.

⁴⁶ F.O. 50/269 N^o 105, Doyle to Clarendon, 3 Oct. 1854.

⁴⁷ F.O. 50/294, Doyle to Hammond, 3 Sept. 1856.

⁴⁸ Jean Meyer, *Esperando a Lozada*, Colegio de Michoacán, Zamora, 1984, 199.

Official Mexican objections were, of course, a part of the way of life. However, they appear to have been few and ineffective, presumably an indication of the efficiency of the organization. In 1855, for example, a Mexican official, Luis Parres, mentioned an 1842 case, when protesting that H.M.S. *Curocoa* loaded silver at '11 O'Clock at night... an hour at which legal operations of this nature are not transacted in any country'.⁴⁹ It is hardly likely that the would have gone back thirteen years, if he had a more recent example of illegal conduct.

Barron explained in 1835 to his friend Consul General O'Gorman in Mexico City

that although the government may receive few duties, the expense to the Merchant is nearly the same as if every thing was to be paid. If the host of persons to be feed this risk to be run, and the whole expense to be incurred is considered the Per Centage must be as much or nearly so as if the whole were done legitimately.⁵⁰

Considering the longevity and ubiquity of the trade, the difference between "nearly the same" and 'the same' must always have been sufficient to make smuggling highly attractive. This is demonstrated by the fact that silver contraband thrived, even though the costs of smuggling could not be passed on to the consumer, as was the case with imports; silver was sold in an international market in competition with Chilean silver, for example, and market forces ruled.

V

The profits, then, were there. However, the commerce had to be protected. In Chile, government provided eminently satisfactory conditions for merchants and their business which meant that contraband played a relatively small part in that republic's trade. Relations with the government and the host community reflected this. Both the merchants and the large British community generally operated freely and with little complaint there. Few Chilean firms competed directly with the foreign houses in the import-export trade; only Edwards & Co. established the metropolitan base to offer real rivalry to be

⁴⁹ F.O. 50/277 Doyle to Clarendon, 3 May 1855, encl. Parres to Mexican Minister of Foreign Affairs, 20 March 1855.

⁵⁰ F.O. 203/67 Separate Barron to O'Gorman, Tepic, 27 Nov. 1835.

established British concerns, but in the event Edwards limited active operations to the metals market. The evidence indicates that Chileans with capital, preferred to use it in other areas than commerce: mining, land, services. They controlled land, which gave social prestige, political power, and wealth. Often, too, they owned the mines, or could invest in them; and their money was quickly invested in banks, insurance, communications, and other areas of the domestic economy that offered good returns. (Foreigners often filled managerial positions, but for a generation only.)

All of this meant that, in Chile, there was a community of interest between native and expatriate that facilitated commerce. The government posed no impediment to this mutually satisfactory relationship; indeed, it strongly supported it, and the British community knew it. Significantly, no partner in a major British commercial house ever became a British consular agent. Individual British merchants did aspire to consular office, and some achieved it, for Britain or another country. However, those who did were small men, whose stature might be buttressed in the smaller centres away from Valparaíso. On the only occasion when the British government seriously contemplated coercive action against Chile after 1850, British merchants successfully worked to undermine their government's case, even though this meant the humiliation of the British *chargé* at Santiago. In this case, the British *chargé*, William Tylour Thompson became convinced that injuries received by a British subject John Stoddard Whitehead during the 1859 insurrection in Valparaíso were caused by Chilean troops, and that Whitehead should receive compensation. Events moved slowly, and it was not until March 1863 that a powerful British warship arrived off Valparaíso to provide backing to the *chargé*'s representations. At this, the British community, led by the merchants, held a public meeting, and called for further enquiry into the affair "actuated... by that love of truth and fair-play, which Englishmen are proud to regard as their national characteristic".⁵¹ This call undermined Thomson's position, and he was rescued only by Whitehead's decision to withdraw his claim. The British, then, felt secure enough in Chile not to offer "patriot" support to their country's representative when the latter was acting, as he believed, in the essential interests of the merchants.

This did not mean that Britons had a special position in the country, or a special relationship with particular people. Competition between foreigners,

⁵¹ J. Mayo, *British merchants and Chilean Development 1851-1886*, Westview 1987, 78-79, and Mayo "The Impatient Lion: Britain's Official Mind and Latin America in the 1850s", *Ibero-Amerikanisches Archiv*, 9, 2 1983, 197-223, which compares British reactions to roughly contemporary events in Chile and Mexico.

and between foreigners and nationals occurred within accepted rules. Economic interests allied them with members of Chile's elite, but secured them no privileges. Instead, relations were based on mutual self-interest, and continued or ended on the same grounds. In all this, the government's role was to provide circumstances in which the wheels of commerce could turn. It did this, and the result was that Anglo-Chilean relations were good and continued good, all without intervention by either government.

The position was different on Mexico's west coast (and in Mexico generally). Mexico's governments, at national or state level, and of whatever political persuasion, proved unable to obtain, and then sustain, the political stability and domestic order that characterised Chile. Like the Chileans, the Mexicans attempted to treat the foreigners equally, and treaty relations gave the same right to all. In the British phrase, it was "a fair field and no favour". However, on the west coast, a kind of specialization took place with the merchants of particular nations establishing bases in the "fair field", from which they directed their operations for the entire region.

Barron, Forbes & Co. based their shipping/contraband operations in San Blas on the coast, but the principals lived at Tepic for much of the time; the climate was more salubrious, and as an *aduanas* centre, it was a convenient place from which to despatch cargoes inland. This was not business that required large numbers of Britons. In 1827, there were only ten British subjects entitled to protection on the west coast, including two at Guadalajara. This compares with the 103 living in Mexico City and the 94 in the Bolaños/Real del Monte mines.⁵²

Numbers are hard to come by, but nowhere did a British population develop to compare in size with that in Chile. At Mazatlán, for example, there were fourteen Britons in 1854. It is clear, however, that the size of foreign representation did not reflect national contributions to foreign trade; Mazatlán's French and German populations in that year, were 107 and twenty-eight respectively.⁵³ There is the usual difficulty about Mazatlán trade figures that one encounters with other ports in mid-century, but the highest figure given the German share of imports is forty percent; French sources give them only one fifth, the same as themselves, while the British had the rest.⁵⁴ British merchants clearly benefited from their country's economic strength, but the

⁵² F.O. 207/44 Return of British subjects in Mexico.

⁵³ *Versión francesa...* II, Martinet to Minister, 3 March 1854 (p. 32).

⁵⁴ B. von Mentz, V. Rodkan, B. Schamer, G. Turner, *Los pioneros del imperialismo alemán en México*, Ediciones de la Casa Chata 1982, 129.

evidence indicates that their success was not necessary for the sale of British manufacturers, which were sold by all who could bring them in.

In some places on the Mexican coast, the British seem to have been content to let others bear the risk. Mazatlán's superior port made it a distribution centre for the whole coast, but Barron, Forbes never felt it necessary to move from Tepic and San Blas. Certainly no British competition developed there. In 1841 W.W. Scarborough & Co. approached Baring Bros, asking them to act for them if they ordered goods in England "to such and extent as that market would indicate"; 'the funds for this object we would ship in Gold or Silver specie or bullion... per British man of war or merchant vessel consigned to you...' Scarborough had no doubts concerning the security of the business:

The value of Bills of Lading from our coast are well known in London, but in case of any accident from the nature of their business, their standing in that section of the world and their capital my House will be abundantly able to respond to any engagements they may come under.⁵⁵

But nothing came to this, and by the 1850s W.W. Scarborough & Co., if it survived, had abandoned such hopes, while Barron, Forbes maintained its dominance, operating through trusted correspondents, from Guayaquil in the south to California in the north.⁵⁶

Indeed, the main threat to Barron, Forbes & Co. came not from foreign, but from domestic competition, in particular from the house founded by J.M. Castaños. According to his great-great grandson, Castaños was born in Spain, and after working as agent for European houses in Tepic and Guadalajara, established his own firm.⁵⁷ Castaños and Barron, Forbes competed in commerce, contraband, and other forms of enterprise from the beginning. Occasionally the competition assumed political overtones. In 1845, Barron feared himself involved in local intrigues, when, in his view, Castaños endeavoured to escape from just retribution for misuse of church property and financial transactions at the Customs House by blaming Barron "...you will see that although I never stir abroad, living with my family immersed in my own business they do me the honor to make me a man of powerful State intrigue".

⁵⁵ Baring MS 18321 H.C. 17. 63. W.W. Scarborough to Barings, 8 Sept. 1841. The promise to pay in bullion ignored the normal prohibition on the export of this article.

⁵⁶ Meyer, *Esperando a Lozada*, 204.

⁵⁷ Francisco Javier de Castaños y Canado, *A la memoria del señor don José María de Castaños y Lazcano* (n.p., n.d.), 20.

He warned that Castaños "will leave no stone unturned to *do me*".⁵⁸ This affair blew over, and the economic rivalry, ended with the bankruptcy of Castaños y Cía. in the late 1840s, not because of commerce and contraband, but because of an unsuccessful investment in textiles.⁵⁹ However, the political and personal rivalry continued in the 1850s, and the British firm had to find allies in the continuing conflict with its old enemies.⁶⁰ In fact, all successful foreign firms made local alliances, of one kind or another.

VI

These allies were both foreign and domestic. Unlike in Chile, where no major merchant held consular office in the 1850s, Barron and Forbes did. Both Eustace Barron and his son Eustace W. Barron served as British consul at San Blas (and the latter was succeeded by an employee of the house), while Forbes served as U.S. consul. Such positions gave to their holders a status that no government could ignore, or not for long, and protection to their businesses. Indeed, a potent, if intangible "ally" of a business was to establish its Britishness, (or other nationality) for this automatically made it an object of concern to the British mission at Mexico City, and the various consuls in the districts.

The Mexican government, of course, was aware of this. An 1854 law endeavoured at least to clarify the situation by requiring foreign firms to declare their nationality, so that their protectors would be known, and limited, in the event of disputes.⁶¹ The British minister found himself approached by several houses seeking British nationality, an indication of the value attached to foreign-ness, or rather to effectively-protected foreign-ness; the case of the associated firms of Blume Augspurg & Co. of Guadalajara and Blume Riche & Co. of Tepic is an example. There were five partners, of whom only one was English, and the rest German though one of the Germans lived in Manchester, and two were Hanoverian, and born when that country was under British rule. Doyle, the British minister, remarked to the Foreign Secretary that

⁵⁸ F.O. 204/44, Barron to Pakenham, Tepic, 12 Sept. 1834.

⁵⁹ Meyer, *Esperando a Lozada*, 210-211 and Castaños y Canado *A la memoria...*, 22, implying Barron was behind the ruin.

⁶⁰ The climax of the firm's political struggles in the 1850s is discussed in Mayo "The Impatient Lion".

⁶¹ F.O. 50/266 N^o 29, Doyle to Clarendon, 4 March 1854.

I am not ove-anxious to see this House registered as a British Commercial one- their fame hitherto has by no means been good on the Western Coast, where in common with many others, they carry on a pretty active contraband trade...

But he told them that British property would be protected.⁶²

The other major foreign ally British merchants looked to was the Royal Navy. This was not so much for physical protection, which was impractical both because of climate and the scale of the task, as for aid in keeping the trade wheels turning. A warship on the coast was very welcome if her visit, coincidentally, occurred during a period of political turbulence, because her presence might discourage a smash and grab act by some financially-pinched local commander, but the real need was for a reliable conveyance for the treasure that was the staple export. In 1842, a captain asked the merchants

if in the event of a french Man of War being there [Guaymas] annually they would ship treasure on the same principle as they at present fo aboard the English ships. This however they assured me they had declined.⁶³

And the navy maintained its record for service and security to the west coast merchants as long as necessary.

The contrast with Chile is striking. There, merchants, or certainly the most successful ones, did not seek consular office, nor did they depend upon the Royal Navy to make commerce possible (though they did sometimes ship precious metal on R.N. ships). The difference between the two countries in the 1850s was that in Chile, being British was simply a fact, but in Mexico it was a protection as well.

But it was not the only protection; a consul's strongest weapon was the protest, and the Royal Navy's power was less than awesome to well-mounted (or even ill-mounted) Mexican soldiers. Accordingly, successful British merchants, consciously or unconsciously built broad networks of allies-collaborators- and contacts throughout the areas they operated in. In Chile, where the economic and political elites overlapped rather conveniently, the process was easy. Joshua Waddington, one of the pioneer British merchants, was a friend of Diego Portales and his son was to be minister of the treasury

⁶² F.O. 50/269 N^o 109, Doyle to Clarendon, 3 Oct. 1854, Doyle to Blume Augspurg & Co., 1 Oct. 1854.

⁶³ ADML/5512 Capt. R. Russell, HMS *Acteon* to R. Ad. R. Thomas, Valparaíso, 28 March 1842.

under Manuel Montt. Other houses similarly established close relations with major Chilean figures who were politically and economically significant: Gibbs with José Tomás de Urmeneta and Agustín Edwards, for example and Williamson, Balfour with R. Ovalle.⁶⁴

The basis of these Anglo-Chilean relationships was economic and the aim profits. Politics did not interfere with the process, as political differences were settled constitutionally in the political sphere. One's personal politics did not affect economics. (Urmeneta, for example, was an opposition presidential candidate at one stage). Foreign businessmen did not have to make political choices in conducting their affairs, except perhaps to follow the advice the *Chilean Times*: 'British-born residents have no right whatever to cooperate openly with any political party...'⁶⁵ This advice was given in 1879, but the evidence indicates that this was the practice from an early date; certainly such attitudes prevailed in the 1850s.

In Mexico, the position was different. There the elite was unable to confine its political divisions to the debating chamber and organized elections. Nor did it control the army. The result was an endemically unstable political situation, complicated by a perennially empty national treasury, in which it was axiomatic that those not one's friends were one's enemies, until they proved otherwise. From a foreign merchant, the most satisfactory proof was cash, given voluntarily if a friend, taken forcibly if an enemy. The need for local friends was obvious.

The revolution of Ayutla offers an example of the pressures merchants faced. Santa Anna's government issued a decree, by which.

Foreign Merchants were to be considered Conspirators and treated as such, who send for Cargoes and import them during time the Port in which they reside is in a state of Revolution against the General Government.⁶⁶

Merchants now knew what Santa Anna expected, but against this they had to consider what the revolutionaries wanted, and bet on who would win; not to mention mundane commercial considerations, such as payments for imports, and contracts with customers.

In these circumstances, contacts and cash provided the protection laws and consuls could not. It has already been seen that trade was based on the evasion

⁶⁴ For Gibbs economic relations, see Gibbs MS 11033/S comparative commissions, 30 April 1864. For Ovalle, *Williamson Letterbook* 3, S. Williamson to R. Ovalle, 16 Dec 1871 (Ovalle had previously been with Gibbs).

⁶⁵ *Chilean Times*, 5 April 1879.

⁶⁶ F.O. 204/119 N^o 20, Barron to Doyle, 8 April 1854.

of the law, so that a net-work of "allies" was in effect in place. Further, merchants made a practice of advancing monies to the commanders of various government entities to pay their often restless subordinates, and to higher officials on an individual basis. The sums could be quite considerable: in 1842/43 Barron, Forbes & Co. advanced the Mexican government \$ 34,750, to be repaid by the remission of twenty-five percent of customs revenues on cargoes consigned to the house until the sum was paid off.⁶⁷

Such arrangement appear to have been the basis for a genuinely stable commercial system that continued to operate in most condicions of political and military turbulence, short of actual blockade or military occupation. It is impossible now to discover how close relations actually were between local authorities and the merchants, but the survival rate of the latter seems to have been high, in political terms. This seems to indicate that a successful *modus vivendi* did exist, and in moments of crisis, the judicious and discreet use of funds could be very useful. For example, in 1856, Barron was able to give the British chargé in Mexico a copy of letter to President Comonfort (concerning a loan) the day after the president received it, and the following year he procured him a despatch the U.S. minister was sending to Washington:

I do not know from whom Mr. Barron obtained the document and indeed would not press him on the point for on leaving the despatch with me to copy he told me that it had been lent to him only upon the condition that he would not say from whom he received it.⁶⁸

VII

Certain conclusions can be drawn from the examination of British merchants in Chile and Mexico in this period. First, the basis of their success was Britain: Britain's ability to import and to export was larger, than that of any of her competitors and gave her merchants real advantages. Foreigners as much as Britons dealt in British manufacturers, simply because they were the most competitive. The result was that ships, regardless of consignee or nationality, were often full of British goods. From this, it follows that resident British communities were not important in gaining or keeping Britons a share in a country's trade. What mattered were the skills and capital of the merchants.

⁶⁷ F.O. 204/95, Barron Forbes & Co. to Bankhead, 1 Sept. 1846.

⁶⁸ *Clarendon MSS* 58 Lettson to Clarendon, 31 May 1856; *ibid.*, C77, Lettson to Clarendon, Private, 24 April 1857.

The evidence indicates that the merchants had skills aplenty, and adequate capital for their job. It must be noted however that in this period, trade was the object, and any other activities – ‘encumbrances’ – were looked on with deep suspicion. Great ingenuity was brought to bear on the problems, of the trade and their resolution, but in mid-century ventures outside this field were frowned upon, and other uses of capital ignored.

A notable feature of these west coast houses, particularly in Chile, was their longevity. Four lasted well into the twentieth century, with descendants of the founders at the helm. Barron, Forbes & Co. was dissolved in 1895.⁶⁹ The reasons for this are unclear, but some points may be made. First, senior members of the ‘ruling families’ did not settle on the coast, though some did spend years there learning local conditions. Only the Barrons broke this rule, and their firm was the shortest lived of those named here. Secondly, it is perhaps relevant that the economies they operated in were not particularly large involving only a few staple exports and very general imports and did not attract large immigrant flows. The advantages of becoming established early, taken with consistent family direction and the assiduous cultivation of local contacts appear to have given the older houses real advantages.

This was emphatically a pre-investment phase in British commercial activity, especially in Chile. The merchants neither put in their own money, nor persuaded others to invest in local enterprises. When they moved outside buying and selling goods it was into services: selling bills of exchange on London, or accepting deposits that allowed them to increase the capital available in their everyday business. But beyond this they were unwilling to go, unless special circumstances justified a plunge. So individual Britons bought shares in Chilean railways in the 1850s, but the parent firms did not. In Mexico, Barron, Forbes & Co. persevered with a cotton manufactory started in the 1830s, and the firm developed a mercury mine at Nueva Almadén in California, but such activities were exceptions that proved the rule: the former was heavily protected, and the latter aimed to claim a profitable share in a monopoly. Much more usual was the fear of acquiring fixed capital, which in mid-century basically meant mines or land. Experience had served only to discourage investment. There was no situation more feared than the *habilitación*, when by over-advancing, the merchant found himself the partner in, or even owner of, a mine or property that required injections of funds in order to remain in operation and under the control of its owners. Such a position was an investment one, and Gibbs, for example, were eventually to do very well from

⁶⁹ Meyer, *Esperando a Lozada*, 215-216.

their relations with the nitrate producer George Smith, but their advances to his firm caused them some concern. Barron Forbes & Co. too acquired properties of various kinds from their debtors, which in time made them much more than merchants.⁷⁰ (And despite his active Britishness, Barron, a Catholic, married native and was the founder of a Mexican family.) But neither house operated on the principal that their customers would go bankrupt.

Investment opportunities, then, were not what British merchants were looking for. Investors in London had burnt their fingers badly in the short-lived mining boom of the 1820s. Caution characterised business operations, and amongst the merchant houses, as against individual Britons, it seems not too much to say that extreme aversion was the dominant reaction to the prospect of any move towards permanent investments and away from the normal business of importing and exporting, selling and buying.

This said, British traders were on the whole a self-confident group, and with some reason. In both countries they were the biggest businessmen in the merchant community, securing for themselves and their country the largest share of imports and exports. This success was achieved not on the basis of the mercantilist exclusivity that had been the means of success in seventeenth and eighteenth century trading ventures, but in the face of vigorous competition from anyone who cared to enter the commercial fray. In the same way, they adapted to local conditions, rather than attempt to shape them. In Chile, this was uncomplicated; in Mexico, it meant systematically institutionalizing the illegal, though this, of course, is not how it was seen.

The effect of the presence of British merchants can be looked at on two levels. The first is the one they were on: for them, and for their local collaborators, their story was generally one of success: hard work brought its due reward. And in the countries they operated, the balance sheet shows gain too. In Chile revenues did accrue to the government, and were, by the standards of the time, responsibly expended. Growing trade reflected a growing economy, and foreigners and middlemen were by no means the only beneficiaries.

⁷⁰ *Gibbs Papers*, MS 11471/1 W. Gibbs & Co. to A. Gibbs & Sons, 24 Aug. 1858; Meyer, *op. cit.*, 212-215.

bring order or honesty to a corrupt and unstable polity. Rather it disinterestedly contributed to the institutionalization of these traits.

Yet it would be unfair to end on this negative note. In Chile and Mexico, British merchants were the instruments of a foreign trade that gave to each country the opportunity to acquire foreign goods, to dispose of their own produce and at least to become aware of the skills and technologies that were transforming life in the old world. Beyond this, Britons were not interested in going, and so long as their hosts gave all and sundry 'a fair field and no favour' they were content to operate in the situation as they found it. This was a period and a place when trade followed opportunity, not a flag, and the traders would not have it otherwise.