

No. 335.

Mr. Caldwell to Mr. Fish.

No. 3.]

LEGATION OF THE UNITED STATES,
Montevideo, July 24, 1876. (Received August 25.)

SIR: I have the honor to inform you that the last of the allied forces left the territory of Paraguay on the 22d day of June. This end of foreign domination has caused unbounded joy in the country, and the National Congress has ordered the day of its accomplishment to be celebrated hereafter as a national holiday.

I have, &c.,

JOHN C. CALDWELL.

 VENEZUELA.

No. 336.

Mr. Russell to Mr. Fish.

No. 127.]

LEGATION OF THE UNITED STATES,
Caracas, March 25, 1876. (Received May 13.)

SIR: I have the honor to report that the President delivered his annual message yesterday and to give an abstract. It will be recollected that this is the last year of his term, which ends February 20, 1877, and that his immediate re-election is forbidden by the constitution.

The President congratulates Congress on the peace and prosperity of the country, and believes that the era of civil war is ended. The State of Táchira is fast recovering from the effects of the earthquake. It is aided greatly by a new road, which also helps to solve one of the vexed boundary questions with Colombia.

Much has been done to develop the resources of the territory of the Amazons; and new territorial organizations are proposed with a like object.

It is proposed to extend the appellate jurisdiction of the Alta Corte federal, so that there may be the same interpretation of the laws in every State, and to give to this court cognizance of cases where property is taken under the right of eminent domain.

Four telegraphic lines are to unite all the chief points in the republic. A printing-press has been sent to each State that was without one. All political prisoners have been released, and all political exiles are free to return home.

It has been hoped that the Pope would have ended the church question by procuring the resignation of the exiled archbishop, but his action is postponed till April 19. If the desired solution does not then come from Rome, a law is asked, "which shall make the Venezuelan church independent of the bishoprick of Rome, and direct that the priests shall be chosen by the faithful, the bishops by the priests, and the archbishop by the Congress." "This," says the message, "was the discipline of the church founded by Jesus and his apostles." It seems to be implied that, if the archbishop's resignation is obtained, Venezuela will not seek this primitive discipline.

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I inclose a transcript of that portion of the message relating to foreign claims with a translation.

The 13 per cent. spoken of is the $5\frac{1}{2}$ per cent. of the customs revenues set apart for payment of certain foreign claims. This is $\frac{13}{100}$ of $\frac{40}{100}$. It is to be regretted that the constant use of the phrase "13 per cent." has caused general belief here that this sum is really paid.

It remains to be seen whether the claims of United States citizens not embraced in the awards of the mixed commission are to be included in the new payment proposed. When the proposition is made in form, I shall of course communicate the facts to the Department.

I presume that the Italian claims will be provided for, and I will promptly report on the matter.

The project of issuing bonds for payment of the diplomatic claims probably needs no discussion. I will only remark that by treaty the French claims, as well as our own, are to be paid with interest at five per cent. instead of three per cent., as proposed.

The President promises that when Congress has acted on these matters he will answer the request of various legations for the payment of $5\frac{1}{2}$ per cent. of customs revenues, according to promise, instead of about 3 per cent., as has been done heretofore.

The message announces a failure of the attempt to settle the boundary question with Colombia.

The Colombian Congress has claimed a vast territory in the Orinoco region, and declared the possession of it by Venezuela to be a usurpation. A commissioner has been sent to Bogotá to say that Venezuela will steadfastly maintain its possession of the Orinoco region; that it will regard as *casus belli* any act of Colombian jurisdiction therein; and that while the word "usurpation" is not withdrawn, Venezuela cuts off all diplomatic relations with Colombia. If the new administration gives a favorable answer, it is proposed to negotiate anew as to the boundary of the western part of Venezuela; and a conventional line is suggested, to be made by mutual concessions.

The Dutch question is treated of at some length; but it is not necessary to add much to the communications heretofore made on a matter, which seems to be settling itself.

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The finances are represented as in a most flourishing state. I reserve a report on this subject till the report of the finance minister appears.

The increase of duties resulting from the closing of the ports at the West has been great. And it is proposed to carry out this policy in the East, closing to foreign commerce the ports of Ciudad Bolivar, Maturin, Güiría, and Pampatar, leaving open for exportation and importation only the custom-houses of Carüpano, Cumaná, and Barcelona.

The public works have consumed 4,473,893.58 venezolanos. And those in process of construction will cost 1,820,161.51 venezolanos. These amounts seem to cover the whole term of the President's office from February 20, 1873.

Immigration has, for various reasons, declined, but is now re-established, and promises much for the development of the country.

The exportation of produce amounted during the year to 17,304,050.90 venezolanos, being an increase of two and a half millions over the last year. The chief article exported was coffee, amounting to 35,721,130 kilogrammes, and exceeding the export of any preceding year. The value of all importations is estimated at 12,000,000 venezolanos, but this is believed to be an underestimate.

The number of pupils in the schools has increased from about 31,000 to about 48,000. An increase of appropriations for education is urged.

"For the exhibition at Philadelphia, which will be a great event, as

is all that the unequalled North American Republic does, we have prepared all that we best can offer to the consideration of the mercantile and industrial world."

The army amounts to 5,494 men, double the force prescribed by law, but necessary because of the menaces of Curaçoa. The two chief ports have been fortified, provided with artillery from the United States, and with North American artillerists also.

The message recommends that the army be reduced; that the coast should be armed and garrisoned, and that a navy should be created by adding to the small marine force three monitors and six or eight war-steamers. This is recommended as part of a general policy to make Venezuela a maritime power.

At present it seems like a menace to Colombia, which has no navy. Funds for ships may be had by reducing the army. This may safely be done, as civil war in Venezuela is ended.

I give the close in full:

The Exposition with which the Great Republic, our model and ægis, celebrated its first century of existence will be the incomparable demonstration of republican vitality. I wish to be present at it; and would that the Presidents of all the republics of the south might be present, so that it might be more of a tribute to the civilization and the future of the New World; a token of brotherhood in the present, and the happy occasion to unite the perpetual views of a continental policy in America with honorable motives and firm determinations. But, for this journey, although it is not necessary by the constitution, I certainly desire your assent, with the idea that I shall not make use of it unless at the time the tranquil regularity of the country shall also authorize me. I offer prayers for the prudence of the legislative body in its labors of 1876.

The President has intended to visit the Exposition, and has made preparation for the journey. But it is generally understood that public and domestic reasons now concur to prevent him from leaving Venezuela.

I have sent a newspaper copy of the message, and shall take an early opportunity of sending a pamphlet edition.

The tone and temper are excellent, and it seems to me the best among the recent state papers of Venezuela.

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I have, &c.,

THOMAS RUSSELL.

P. S.—The special commissioner sent to Colombia has returned with news very favorable to peace. April 14, 1876.

Very respectfully,

THOMAS RUSSELL.

Translation of the portion of the President's message relating to reclamations.

It is clear to you that I have been very hostile to the abusive foreign reclamations, and you know that for that whirlpool which was devouring us has been substituted the practice of the incontrovertible principle that there is no place for diplomatic action before exhausting the proceedings provided by the legislation of the country, and reaching the case of notorious injustice or refusal of justice; and so I hope you will find what I am about to set forth to you worthy of attention. You will recollect your resolutions by which you ordered the 13 per cent. to be distributed among the governments which that of Venezuela had recognized as creditors by conventions which had received the constitutional approval of Congress; that you ordered the claims pending in the foreign office to be returned, (or renewed,) so that those interested might establish their rights in the courts, as Venezuelans do, according to our national legislation; and that you disapproved of the agreements, which were made by the

exchange of notes between the legations and the government of the republic, by virtue of which new negotiations had to be opened.

The first two points have been observed since then, and continue to be observed without much difficulty; but as to the third, there are governments which maintain without hesitation that those agreements are of final character. They are wrong; the approval of Congress for every diplomatic negotiation is a constitutional precept of the republic of Venezuela. Therefore the executive did very well in giving its account, and Congress having refused its ratification, the foreign governments are bound to re-open negotiations.

But hear me kindly when in what I am about to propose to you I am only guided by the desire to relieve the foreign office from troubles which the past has left to us, so that in future all may be clear, regular, and fitting. These agreements by exchange of notes are the only hinderance that to-day remains in our foreign department; they do not amount to an exorbitant sum, although many of the claims are questionable. I do not believe that in a new discussion we should get a very notable reduction, because the laxity of the authorities of those times often gave the claimant means to prove his false claim; the lamentable compliance of the governments that made the recognition, with the inexplicable omission to report it to the respective Congresses, and this after the lapse of so many years, it is not strange that the sincere conviction has been given to foreign governments that the agreements are final; and lastly, the vindications of all our national rights being accepted, so far as I am concerned, the cardinal motive which at first counseled me to resist these irregular agreements (as well as everything else which was not part of perfect right among nations) has ceased.

A concession so founded, made to those who recognize our rights and respect our national dignity, can only be regarded as a proof of cordiality, which becomes very well one who, after having secured all his rights, aspires to preserve and strengthen loyal and profitable foreign relations.

Would that Congress might meet these prudent ideas, and undertaking the study and determination of the matter, authorize the executive power to incorporate these credits with the respective pro-ratas of 13 per cent., declaring that this transaction, which in future cannot serve as a precedent for our diplomatic arrangements, and declaring from henceforth as null every convention, of whatever nature, of the foreign office which has not been in conformity to the constitution, approved by the legislative body by express law, with its three readings in each chamber.

There is also a legation that claims the payment of interest for the debts recognized and approved by Congress. This was not agreed when the arrangements were made, which is not strange, because these debts are of the same origin as those of the interior debt, and this has come to bear interest, after the creditors agreed to reduce the thirty millions of their original demands to seven millions only, while these foreign claims were recognized without any diminution, and are paid in full. So it happens that at the end of the accounts the foreign debts without interest result with more favor than the Venezuelan debts.

If there were not pending the revision of the awards of the mixed commission on North American claims, the project that would finish this matter in a definite way, to the contentment of the creditors, and with advantage for the government of the republic, would be to pass a law issuing bonds of 100, 500, and 1,000 venezolanos to the respective governments to the amount of their claims, fixing interest of 3 per cent. annually, and appropriating the surplus of the 13 per cent. after the payment of interest to extinguish the capital in annual and tri-monthly auction-sales.

During the year there has been delivered with all punctuality to the creditor legations the quota of 13 per cent. which belongs to each. They claim, in addition, the *pro rata* of the sum to which a balance monthly resulting from 13 per cent. amounts—a request which I will answer as soon as Congress decides the points which I have indicated above.

The American legation has received already all that has been kept back of the 13 per cent., and continues to receive every month its proper quota. This proceeding appeared to me at last preferable, in order to persuade the better the North American Government that when Venezuela protests against the awards of the mixed commission, it is not for the sake of reducing the amount of indemnity so much as it is to vindicate the dignity of the two nations so odiously offended, not only by the corruption of the tribunal, but by having violated the treaty which gave it birth.

I have also recognized—and payment of it is going on to Holland—the only indebtedness that was pending before the year 1870, the interested party having renounced the intervention of his government in what he might have a right to claim since that date.

No. 337.

Mr. Russell to Mr. Fish.

No. 187.]

LEGATION OF THE UNITED STATES,
Caracas, September 26, 1876. (Received October 28.)

SIR: I have the honor to submit a brief statement as to the imports of Venezuela from the United States. I have tried to obtain statistics showing the increase of trade, and specifying the amount and value of each of the leading articles. It has been impossible, however, to obtain anything of the kind from the officials of Venezuela. A few suggestions, however, may not be wholly without value.

It is well known that for causes which are partly political, and which are ably set forth in a report of the State Department July 14, 1870, the United States have never had their natural share of South American trade. United States cotton is spun and woven in England, selling at high profits, after its two long ocean voyages. North American flour is carried 3,500 miles, to be baked in various forms, that it may then be conveyed nearly 5,000 miles to a market only 2,000 miles from its starting-point. Agricultural implements, in which the United States are supposed to excel, are brought across the ocean to South America. These facts are familiar. It is also known to business men that the commerce which has been engrossed by England is now largely shared by the Germans, who have obtained it by their enterprise in establishing steam-lines, and also, it is said, by underselling their rivals and supplying cheaper and inferior articles.

At present political influences favor the United States, and in Venezuela there is a disposition to buy the products of United States industry. So far as fashion affects trade, ours is the favored nation. As one proof of this, five establishments devoted wholly to the sale of North American articles have been set up in Caracas within a year, while other establishments have greatly increased their imports of our goods. The government also has bought largely of war materials and other things, so that leading English papers have complained that Venezuela borrows of Great Britain and buys of America.

The leading articles of importation are as they have been, flour, kerosene, lard, hams, soap and tallow, furniture, glass, hardware, domestic utensils; articles known as "Yankee notions" are coming into favor. Lumber is now brought in large quantities, especially hard pine for flooring, taking the place of brick and cement, which have been the general and unhealthful materials for floors in this country. A great building enterprize, under the charge of an excellent American builder, will probably employ a large amount of American materials as well as a large number of American workmen. Most lumber is now free from duties.

Choice specimens of horses and cattle have been introduced of late from North America; and the well-known firm of H. L. Boulton & Co. are about to import cattle for food, on a large scale, bringing them from Texas by steam-vessels. Even maize has been brought from the United States, selling at this time at 80 cents per almud, or about \$3.50 United States gold per bushel. Such branches of trade depending for their profit upon exceptional and temporary circumstances will flourish more when Venezuela is connected with the United States by telegraph. This will soon be the case, arrangements having been made for a wire to be carried to Trinidad. Coal is an article which will be hereafter sent from the United States to Venezuela, where fuel is scarce and dear.

Probably the best field now open here for United States trade is the import of cotton goods. These, especially prints and sheetings, are now in demand, and bring good prices. The demand is likely to increase as buyers learn the quality of these goods.

The only figures showing the comparative import trade for two years are furnished by our faithful consul at Puerto Cabello, Dr. Lacombe. It is not his fault that he could not obtain a specification of articles, with the amount and value of each.

	Value in venezolanos.
Quarter ending September 30, 1874.....	84, 151. 06
December 31, 1874	39, 348. 44
March 31, 1875.....	98, 853. 77
June 30, 1875.....	300, 886. 86
Year ending June 30, 1875—total.....	<u>523, 240. 13</u>
Quarter ending September 30, 1875.....	452, 779. 46
December 31, 1875	316, 406. 80
March 31, 1876.....	570, 622. 09
June 30, 1876	186, 864. 91
Year ending June 30, 1876—total.....	<u>1, 526, 673. 26</u>
Increase	<u>1, 003, 433. 13</u>

A portion of this increase is occasioned by the fact that the whole for eign trade of Maracaibo has been transferred to Puerto Cabello. But Maracaibo, although formerly the first exporting city of Venezuela, has never imported largely, receiving less than half the amount of duties paid at the custom-house of Puerto Cabello. The fact that there was a considerable increase of United States imports appears further from the official statement that in the year ending June 30, 1875, the imports from the United States of America amounted only to 2,693,891.55 venezolanos, including, of course, La Guaira, which was and is the chief place for im- portation, especially of United States goods. I renew my regrets that it has not been possible to procure statistics from Maracaibo and La Guaira. I am confident that they would show clearly an increase of im- ports from the United States of America, and more clearly a relative in- crease as compared with the imports from other countries during a dull year.

These facts have seemed of interest to me, because they show that there is a hope of still more extended commerce; and those persons ap- pear to be right who believe that one way to relieve business distress in the United States is to make better use of the South American market.

I have, &c.,

THOMAS RUSSELL.

