

Maximilian and Mexico's First Steps toward the Global Marketplace (1864-1866)

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On July 6, 1865, Maximilian gave a speech to commemorate the inauguration of the newly christened Imperial Academy of Sciences and Literature. In it, the emperor pledged to work with all his heart and soul for the good of Mexico. He then proceeded to outline a wide-ranging plan for the economic development of Mexico. The empire would not only work to expand agriculture and exploit Mexico's "inexhaustible" mineral resources, but also establish a comprehensive network of railroads, steamships, and telegraph lines. Such improvements in infrastructure would place "Mexican ports in communication with world trade." On these priorities, the emperor stressed, "the government actively works."¹ The following essay explores the efforts by the Second Empire to use this new technology to expand Mexico's economic base and integrate it into an emerging global economy.²

For Mexico to enter this still-forming global economy required a two-pronged approach. Not only would the country need to enlarge its "basket of goods" that hitherto had been heavily weighted toward precious metals, but, more importantly, it needed to renovate its transportation and communication systems. In his instructions to the *prefectos políticos* in November 1864, Maximilian observed that Mexico would not be able to develop its commerce or see its agriculture flourish without first improving its communications. Luckily, nineteenth century technology—railroads, steamships, telegraphs, and the like—ostensibly offered the key to the problem of development. Rapid, modern, and cheap railroad transportation would allow the export of non- and semi-precious metals. No longer would Mexico have to rely on gold or

silver; the emperor noted, but would be able to exploit “important products” such as copper, iron, coal, and mercury. With agriculture representing the principal source of national wealth, new crops could be nurtured and developed for export.³ On their part, steamships promised to speed the movement of goods and people while telegraphs would increase communications at home and abroad. Mexico, in short, was poised to enter upon the world economic stage.

As will be seen, the imperial state committed itself to an active role in the economy. Far from being a passive bystander, it became a dynamic economic actor, involved in railroad construction, communication links, and other public infrastructure. Much of this activity was made possible through the use of foreign capital, primarily in the form of foreign bonds floated on the capital markets of Paris and London.⁴ Often forgotten, these loans to the empire predated the reestablishment of Mexican credit in the 1880s. Though military operations and servicing the debt absorbed much of the empire’s operating capital, the government, nonetheless, was able to direct a sizeable portion of public funds into development programs either as subsidies or direct investment. And with no congress to stand in his way, the emperor became an important player in this process by personally guiding the direction of this development. Seen from this perspective, Maximilian can be considered as Mexico’s first independent executive when it came to the realm of economic affairs.

By way of qualification, Maximilian naturally was not the first to realize the potential economic value of railroads, steamships, or the telegraph. Neither were his views for expanding agriculture, mining, or trade unique. What stands out was the amount of attention and financial resources directed toward these projects. Granted, any number of concessions barely started or were cancelled due to the lack of progress. Many more never got off the drawing board.

Nevertheless, in the three years between mid-1864 and the beginning of 1867, the empire had accomplished a surprising amount—all the more amazing considering the constant state of warfare the engulfed the country. The empire's place in Mexico's economic history, however, may rest less on its actual accomplishments than on its broader vision of Mexico's future and the precedent that it set for an economically active state.

Needless to say, the Second Empire has been the orphan of Mexican historiography—routinely dismissed as an aberration or detour on Mexico's path to liberal nationbuilding. The concept that this period was solely an imperialist venture has tended to discount any possible accomplishments. While there is no denying that French bayonets sustained the empire militarily, an unfortunate tendency exists in the literature that regards everything “imperial” as being somehow “imperialist” and therefore subject to derision. It is important, accordingly, to keep in mind that Maximilian did not view himself as an imperialist. Whereas Napoleon III had a “grand design,” Maximilian had no intention of incorporating Mexico into an Austrian empire much less into a French one. That was not to say that Maximilian lacked grandiose dreams but they were for an intrinsically Mexican empire.⁵ The roots of much of what was to come in the following decades can be found in the empire.

I. Background

Like most of his liberal brethren, Maximilian held an unwavering faith in material progress. Modernity would bring not only economic stability—a feature lacking in post-independent Mexico—but also provide the cornerstone to build political and social peace. The

new imperial state, Maximilian determined, would “employ all its determination and energy” to reestablish “the peace and tranquility in all of this beautiful and extensive country for the quick development of its prodigious riches.”⁶ As sponsor of this progress, the monarchy would prove to the Mexican people as well as the outside world, the truly enlightened and progressive nature of the state. This naturally entailed a major undertaking. Not only did the empire need to renovate and repair innumerable roads and bridges damaged through warfare, but also had to construct—almost from scratch—an infrastructure of railroads, steamships, telegraphs, and other public works to boost economic activity. The emperor’s vision for Mexico’s future deviated only slightly from his liberal republican opponents. Virtually all nineteenth-century elites, whether in Mexico or elsewhere in Latin America, agreed on the desirability of progress, development, and civilization—terms often used interchangeably to mean a copying of Western European technology and lifestyle. Awed by the rapid industrial advance in Europe and the United States, these elites took for granted that the quantitative manifestations of progress would allow Mexico to participate in the benefits accruing from “the advancement of civilization” on the global stage.⁷

Maximilian arrived in Mexico after undertaking an economic experiment as governor-general in Austrian-controlled Venetia-Lombardy. Charged with reconciling the rebellious Italian provinces to Habsburg rule, by all accounts, the twenty-five-year-old archduke took on the mission with considerable passion, welcoming the chance to put his progressive ideas into practice.⁸ He initiated a program to empty Venetian swamps to provide additional agricultural land and started new port works in Venice.⁹ One of his more interesting proposals—only to be rejected by Vienna—called for linking Venice by rail to the Austrian capital. Maximilian believed

that this railroad would bring not only economic benefits but help to incorporate the area into the empire both physically and symbolically.¹⁰ Modern technology, science, and the like would uplift the people in their everyday lives and thereby lessen opposition to Austrian hegemony.

Maximilian would carry this belief in the transformational power of technology to Mexico.

For Maximilian, there was no question that the blessings of modernity were universally applicable. To a reform-minded archduke, Mexico presented a golden opportunity to test his faith in material progress and civilization without outside interference. Mexico had the added advantage of being part of the western world, containing a Europeanized elite, a western legal system, and seemingly boundless wealth. In a letter written to Luis Robles, Maximilian's

Minister of Fomento, the emperor outlined his agenda:

As you know, I have occupied myself for a long time with a general plan of improvements for the country. These works, that I refer to, are highways, the channeling of rivers, railroads, telegraphs, improvements to major ports, the rehabilitation of neglected mines and development of new ones in the different Departments of the country. All these works, that must be made in the coming years, must naturally be linked together for the exaltation and enrichment of the country and of the Nation.¹¹

Interestingly to note, Maximilian made a distinction between enriching the country in a literal sense and a broader symbolic mission to uplift the nation. In contrast to republican chaos, material well-being would serve to reconcile enemies and win supporters for imperial rule. Using progress to legitimate imperial authority became a central motif for the Second Empire much as it would be for the later Porfiriato.

II. Railroads

In June 1866, both Maximilian and Carlota arrived for the grand opening of an urban

railway in San Angel, arranged to coincide with Carlota's birthday. After a discourse by the Minister of Fomento and the municipal authorities of San Angel, Maximilian gave a speech:

With particular pleasure, I preside over this fiesta on a day so pleasing to My heart, since each league of railroad that we open is a step closer to the prosperity and greatness of the Nation, and each deed finished in this happy and peaceful way, is worth more than flattering utopias and useless words. We live in a century of deeds, and with the deeds we must give proof to the world that Mexico is worthy of its independence, of its historic mission; that it can travel in a determined way on the road to progress. And thus we are doing it: the progress of the Veracruz rail line, that of Jalapa, this Chalco road, the arrangement already made for the grand route in the Interior, the lines of steamships that travel our rich coasts, the telegraphs that join the Metropolis to Guanajuato, León, San Luis Potosí, the very pleasant San Angel and Cuernavaca; all these works are additional proof that Our country advances. And there is more: in a country essentially democratic as Ours, the railway and electric lines are the truthful and lasting bonds that unite places, that join parties. We should congratulate ourselves, then, as good citizens of Our beloved country, on these peaceful triumphs; and it is sweet for me to give thanks, in the name of the Nation, to the fine men that advance such works with their energy and labors.¹²

Thus, technology would create a peaceful and united nation. By inaugurating the line on Empress Carlota's birthday, moreover, gave the event added import. It clearly linked the regime with symbols of "progress" in the form of the railroad. It showed to the world that the imperial regime could accomplish what the republic had failed to do. Three years later, Juárez would similarly open the Mexico City to Puebla railroad by making a symbolic trip on September 16th— independence day.¹³

Through mid-century, inadequate transportation and poor communications in Mexico constrained development. Lacking a viable river system or level terrain, mule trains carried goods over mountains, across canyons, through deserts and tropical forests at exorbitant costs. By the 1860s, the 260-mile stagecoach journey between the Gulf port of Veracruz and Mexico City lasted three and one half days but only if it avoided washed out roads or being waylaid by bandits. In addition to the time, the trip that passed through Puebla and Orizaba cost forty pesos, well over a

month's wages for a typical worker. Similarly, the stage from Mexico City to Guadalajara, some 340 miles, took more than a week and cost sixty-one pesos.¹⁴ Shipping freight faced even greater challenges. The lack of an integrated transportation network, therefore, kept many areas in economic isolation, not only hindering interregional markets but also limiting international ones as well. By the early nineteenth century, however, technology seemed to offer a solution. A network of railroads, steamships, and telegraph lines promised to revolutionize Mexico's economy by facilitating commerce both domestic and foreign.

More than a mere technical innovation, the railroad in the nineteenth century epitomized modernity; it represented civilization. As a nineteen-year-old, Maximilian wrote, "as we are living in the age of railways, we cannot do better than swim with the stream; and as everything has its good side, so is it also with the materialising railroad."¹⁵ Luis Robles, Maximilian's Minister of Fomento, similarly described how

This admirable means of communication, invented in our century, is changing the face of the world, and we are destined to take part profitably in that social revolution, establishing some principal lines, on which diverse radiating feeders would depend, forming a network that embraces all the places of our soil.¹⁶

Even foreign observers also agreed that railroads would "change the commercial and fiscal condition of Mexico" by facilitating the export of its products and giving stimulus "to the exploration of its true riches."¹⁷ To join this global march and reap its benefits, however, would require a major financial and political commitment.

Ever since the 1830s, elites in Mexico—both liberal and conservative—regarded the railroad as a panacea for the country's ills. Few, if any, saw any downside except perhaps to the occasional *diligencia* company that might lose customers. The emperor, as his predecessors before him, placed great faith in the ability of railroads to transform Mexico economically and

politically. During a voyage to Brazil in 1860, Maximilian had observed that

If a requisition were made for an exceptional tax for laying down the railway, it would bring a return of a hundred percent; and indeed would make the Brazilians rich, those who now retire from the coast into the forest would cease to do so, and a solid empire would be established. Up to the present time the railways have been merely fashionable amusements, expensive toys, serving as hobbies for men to talk over in their chambers. So long as Peter II [Pedro II] cannot proceed by railway into the interior of his empire, so long will he remain not an emperor, but only the master of some custom-houses a few seaports and lord of the small districts around them.¹⁸

In other words, an empire that lacked railroads would remain isolated and impoverished; the emperor who could not travel through his realm by rail would rule in name only. Clearly, Maximilian had an appreciation of the political power of railroads as well as the material.

Naturally, while the Second Empire did not introduce the idea of railroad construction to Mexico, its efforts differed markedly in two respects. First, there was a real commitment by the state both in financial terms and in terms of its active participation. Next to the military and foreign loan obligations, the imperial government allocated more money to railroad construction than any other single item in the budget. Beyond money, however, there was a strong conviction that the state needed to be at the forefront of this endeavor. As Maximilian stated in the preamble to one concession, “all work of public utility must be impelled by the Government. . . . the development of railroads will contribute very particularly to the growth of public wealth”¹⁹

Though considering himself a true liberal, Maximilian advocated state involvement when it came to developing the economy. Secondly, the empire, as will be seen, took far greater control of the concessions and gave less away than had its republican predecessors. Maximilian believed that only by reining in the concessions would the state succeed in guiding the effort to construct a viable network. Regulation would not only protect the public welfare but also strengthen the state in its role as a nation-builder.

As the royal couple made their way from Veracruz to the capital in June 1864, they became acquainted firsthand with the transportation system of their new home. While the Austrian Empire had completed some 2,821 miles of rail by 1860, Mexico had constructed less than 150 miles.²⁰ Elsewhere in Europe, France had 5,693 miles and Great Britain led with 9,068 miles. Even Carlota's native Belgium, a country the size of the state of Guanajuato, had 1,075 miles by 1860. Topping them all, the United States had more than thirty thousand miles in operation prior to the Civil War.²¹ Since the Veracruz line stretched only twenty-five miles, the royal entourage had to make their way along the "abominable" road to Chiquihuite. During a rainstorm, a wheel broke on the royal coach and the couple had to enter Córdoba in a "*diligencia de la república*." Although the "Mexicans kept apologizing for the road," Carlota wrote, the couple had to use all their "youth and good humour to escape without being crippled with stiffness or breaking a rib." In short, traveling in Mexico was "no light matter."²²

The impression that the royal couple received along the road to Mexico City would "never be effaced from our memory. This long and tiring journey enabled us to appreciate the beauty and riches of the country and to notice the appalling state of the means of communication."²³ Outside Orizaba, Maximilian appealed to the *ayuntamiento* that "if we all join together with the sole aim of promoting the greatness and lasting prosperity of our country, Providence will then crown our efforts, and as the Empire flourishes, the various departments and cities will enter into true progress."²⁴ The emperor then vowed not to forget a railroad for Orizaba and one day soon would return by this new route.²⁵ As the entourage made its way toward Mexico City, the emperor made a similar pledge to the people of Puebla that a railroad soon would connect the valley to the ocean.²⁶ Railroads, in short, would bring progress and

prosperity to the people of Mexico.

At the time, few doubted the material potential of railroads.²⁷ In a letter to Empress Eugénie, Carlota expressed her belief that Mexico's future economic development depended on improved transportation:

The wealth of the mines is prodigious, but roads are lacking to transport it all. In Mexico, with the most productive deposits close at hand, it is hard to get any iron. Charcoal is burnt in the cotton-mills, because they do not know how to bring to the spot the coal which is also to be found in the country.²⁸

Echoing views dating back to the colonial era, Mexico seemingly possessed vast wealth but nevertheless remained poor. Maximilian lamented the “actual poverty of our country,” a fact that many refused to believe “even less so in Europe.” This situation would not “decisively” change, he felt, “until we have a railroad network and a large quantity of manpower from good colonists.”²⁹ Railroads promised new domestic markets, economies of scale, and the export of goods hitherto confined to domestic markets such as coffee, tobacco, grains, wood, dyes, furs, and other products. The benefits, the Minister of Fomento noted, would be threefold: railroads would better the condition of the pueblo, attract industrious immigrants, and finally increase revenue. Industry, agriculture, mining, commerce would become active, “supplying our plazas, reanimating our towns, planting fortune in all parts.”³⁰

From his first days on the throne, Maximilian requested that studies be started on uniting the capital by rail with its neighboring pueblos.³¹ Of all likely routes, however, the line between Veracruz and Mexico City stood out as the most important both economically and symbolically. Almost three decades had passed since the first attempts at construction had begun but with few results to show for it. If the empire could complete it in a timely manner, it would become a crowning material achievement and demonstrate to the Mexican people and foreign observers

alike the empire's commitment to regenerate Mexico.

In 1837, Francisco Arrillaga received the first of many concessions to build the Veracruz line. Over the next three and one half decades, the Mexico City to Veracruz line preoccupied a succession of Mexican governments. On this issue, both liberals and conservatives agreed on the need for the state to take a hand in promoting railroad development.³² Even though classic liberals advocated a limited role for the state confined to arbitrating disputes, providing guarantees, and maintaining security, they also saw a need for some degree of state management in fashioning a market economy. By the early 1840s, Santa Anna had granted a less ambitious concession for a 25-kilometer segment from Veracruz to the San Juan River. This contract, transferred to Antonio Garay in 1848, resulted in an expenditure of nearly two million pesos for just eleven and one-half kilometers of track by the time the government withdrew the concession in 1851.³³

The failure to make progress on the line pushed administrations by the 1850s toward ever more generous terms. Exclusive privileges increased from 50 to 150 years while concessionaires avoided all imposts for the length of the privilege. The state, in addition, would donate public land and subsidize the purchase of private property if necessary. To further support this endeavor, the state earmarked two percent of its custom receipts for railroad promotion.³⁴ By August 1855, the Comonfort government had signed yet another agreement, this time with *Hermanos Mosso y Compañía* for the Veracruz line. But after laying just two and one-half miles of rail, the Mosso brothers transferred their concession to Manuel and Antonio de Escandón for \$900,000. On August 31, 1857, the Comonfort government approved the transfer—the first of many agreements that Mexico would have with the Escandóns.³⁵

The liberal newspaper, *El Siglo XIX*, criticized the “*leonina*” contract between the Escandóns and the Comonfort government. It objected to the government giving away public land, subsoil rights along the route, as well as exclusive use of the lakes and rivers that the line crossed. To make matters worse, the contract guaranteed these rights in perpetuity even if the contract was later cancelled.³⁶ To pay for the line, now estimated at fifteen million pesos, the government issued a series of 5% bonds totaling eight million pesos, to be amortized in fifty years at 2% per year. The government further set aside half of a special fund (*derecho de mejoras materiales*) comprising 20% of all import duties. That is, the government committed 10% of its customs revenue—its primary source of income—for the task. In addition, the company would avoid taxes for fifty years while remitting overseas the cost of equipment and up to \$560,000 tax-free annually. Reflecting the liberal belief in the freedom of pricing, the company held control over the critical issue of freight and passenger rates. In return, the company promised 20% of the net profits and construction of seventy-five miles of track within six years except in cases of “*fuerza mayor*.”³⁷ In short, the government granted significant economic support but retained little control over key aspects of the agreement in return.

By 1858, Escandón had completed about fifteen miles with trains running four times a week between Veracruz and Tejería. But when the war of the Reform forced the government to default on its first interest payment due in 1859, the company suspended work on the project.³⁸ The returning Juárez government renegotiated the contract in April 1861 under even more favorable terms. The government reissued eight million pesos in special bonds at 5% covered by the entire *derecho de materiales mejoras*, that is, 20% of all custom receipts—a major outlay for a government facing imminent bankruptcy. In the new contract, the government even

relinquished its twenty-percent share of the profits.³⁹ As historian Abdiel Oñate V. concluded, “with this, the authorities showed the elevated value that they attributed to the economic benefits of the railroad.”⁴⁰

III. The Imperial Mexican Railway Company

As someone willing to deal with all parties regardless of their politics, Antonio de Escandón had few qualms about arranging a new agreement with French army officials even before Juárez had fled Mexico City. Failing to restart work as stipulated by the 1861 contract, Escandón signed yet another contract with the Regency on September 8, 1863 to extend the Veracruz line to Paso del Macho (some fifty miles). Unlike earlier, the contract now placed the work under a French engineer, detailed the materials to be used, and salaries to be paid.⁴¹ Failing to meet the terms of this new contract and being fairly discredited by then, Escandón worked actively during the spring and summer of 1864 to rehabilitate the project by obtaining overseas investors. His search took him to Great Britain, the primary provider of capital for railroad projects in Latin America. Maximilian soon received reports that Escandón had managed to place his project in front of the most reputable investment houses of London and that the English press had spoken very well of the new project.⁴²

On August 19, 1864 Escandón transferred all his concessions and contracts to a new company based in London dubbed the Imperial Mexican Railway Company, Limited. With a proposed capitalization of twenty-seven million pesos (almost double the estimate just seven years earlier), the Imperial Mexican Railway Company gathered some of the top British financiers for its board of directors. Robert Wigram Crawford, Member of Parliament, governor

of the Bank of England, and head of one of Britain's most powerful financial houses, became its president. Along with his brother James H. Crawford, the board included an associate of Baring Brothers as well as a director from the Bank of England. Chosen primarily to attract investors, each of these financiers held just twenty to forty \$100 shares donated by Escandón.⁴³ The company, in turn, contracted Smith, Knight, and Co., an engineering firm experienced in South America, for the construction. The project resumed in late autumn 1864 with chief engineers Colonel Andrew Talcott and James Samuel along with other American and British engineers.⁴⁴

The construction of the Veracruz-Mexico City line easily became the largest public work project undertaken during the empire. Although Maximilian clearly felt that the government should continue the Escandón concession, he requested a report on whether specific provisions should be modified before ratifying the new contract. In December, the emperor and the Council of Ministers met to discuss arrangements with the Imperial Mexican Railway Company. Though differences arose over the extent of the changes, all believed some adjustments were warranted. Luis Robles, for example, urged eliminating the "onerous and excessive" provision that prevented other companies from constructing a similar line in perpetuity. Maximilian's Belgian advisor, Felix Eloin, suggested that the empire should scrap the entire contract since it contained no stipulations regarding fares, construction, or even the route that the line must follow. Eloin recommended a new contract that would set out in a "clear and definite manner" the obligations of the company and would give the government the authority to oversee operations and ensure compliance. In light of these suggestions, Maximilian instructed imperial councilor Teodosio Lares and Eloin to work with Escandón on revamping it.⁴⁵

On January 23, 1865, the empire signed a new contract with Escandón and the Imperial

Mexican Railway Company. The decree declared that the work was “destined to give extraordinary development to the commercial and industrial transactions of the country” despite great sacrifices that would have to be made.⁴⁶ While ample, the contract was far less generous than the liberals had conceded in 1857 and 1861. Although criticized by some, Robles observed that the revision had been “necessary to correct the exaggerated earlier concessions” and to begin the quick execution “of such an important work.” Compared to previous contracts, this one had notable advantages not least of which, Robles considered, was a respectable London financial house—subject to Mexican law—that could “carry it out.” Although the treasury would have to make great sacrifices, it would be a work that benefited the entire empire.⁴⁷

The *Convenio con la Compañía Limitada del Ferrocarril Imperial Mexicana* contained many familiar features of prior concessions such as exclusive privileges, public land grants, and subventions but was less magnanimous in this regard. The company, for example, received an exclusive concession for sixty-five years—a substantial cut from the 150-year privilege granted by the Juárez government just four years earlier. All construction material and equipment—coaches, machines, tools, offices, stations, coal, animals, and provisions for workers—would be exempt for ten years from all types of *derechos*, *peajes* and *impuestos*, marking a reduction from the earlier arrangement. To honor the former government’s commitment, however, the empire did promise to pay \$140,000 quarterly for twenty-five years starting January 1, 1865 to cover the eight million-peso subvention of the 1857 contract. For additional financial assistance, the government agreed to pay the company 15% of the *derechos adicionales* returns for five years but would, in turn, get an equivalent value of shares in the company. After the shareholders received a 6% dividend, however, the government would receive 20% of net operating receipts.

For twenty-five years, the company could repatriate tax-free up to \$560,000 annually (equally to the government's cash outlay) to pay interest and amortization on capital contracted outside the country but could not export more capital than it imported. These limits on the ability of the company to repatriate profits clearly departed from standard liberal thinking.

The government also regained a number of rights that proved more protective of Mexico's long term interests than previous contracts. It reserved the option to decide on branch lines and to approve any modifications of the plans. While the company could set up telegraph lines along the route for company business, it had to string and maintain a government line on the posts at no charge. The state would receive a 75% discount on moving troops or munitions, free mail service, and rate reductions for new immigrants if their numbers warranted. But unlike earlier republican concessions, Maximilian reserved the government's ability to regulate rates for both freight and passengers.⁴⁸ To ensure safety, no part of the line could begin operation until the company could assure that it posed no danger to passengers and provide security guards at crossings. As evident, despite its desire for railroads at almost any cost, the government's concern over rate limits and safety revealed a willingness to serve as a public advocate, thus expanding the state's authority in society.

Barring an act of God, the project had to be finished by January 1, 1870. If the company failed to complete it in time, the government had the right to auction the works and the company would receive only the value of the completed work. If there were no bidders, the company would lose all its claims. Any suspension of the works without just cause, moreover, meant the loss of the subsidy during that time. Finally, the company could not sell or cede its concession without government approval. At the end of the concession, the government had the option of

buying the line at ten times the average yearly profits over the previous twenty years.⁴⁹ The government, thereby, tried to insure that work would start and be completed within a reasonable time. It also preserved the option to nationalize the line at a later date.

The Imperial Mexican Railway Company made substantial headway during 1865. As one observer reported, “the progress of that railroad is pushed with great vigor and the contractors are under heavy bonds to put it through to the City of Mexico within four years.”⁵⁰ By March 1, 1866, the chief engineer, William Lloyd, issued an upbeat report to the stockholders. The company reportedly had completed all earthworks between Mexico City and Boca del Monte including the branch line to Puebla (185 miles) as well as most of the excavation from Boca del Monte to the Metlac River. Rails were being laid at four different sites between Mexico City and Apizaco and some 2,000 tons of rails and materials passed through Veracruz monthly. Revealing the scale of the undertaking, the company employed ten thousand workers, five hundred carts, six thousand mules and horses, and had transportation costs alone amounting to \$150-200,000 a month. Lloyd disclosed that work crews to date had strung some 119 miles of telegraph line, carried out fifty feet of tunneling, and were laying rails at a rate of two miles per day. Although the contract called for some 300 miles of rail, Lloyd felt confident “that the completion of the line will take place some months previous to the expiration of our contract term,” this despite that the company had yet only contracted for the ironworks for the viaduct over the Metlac river.⁵¹

At the second shareholders’ meeting three months later, chairman Robert Wigram Crawford announced the completion of an eighty-five mile section between Mexico City and Apizaco, 217 miles of earthworks, and 133 miles of telegraph lines. He assured shareholders of the profitability of the route. For the year ending March 31, 1866, receipts from a forty-seven-

mile stretch out of Veracruz amounted to £86,703 coming mostly from freight traffic. Since ordinary modes of transport still carried large quantities of goods from Veracruz, business would continue to grow “to meet the requirements of the merchants at Vera Cruz.” Crawford used the pulque trade as an example of potential railroad profits. He noted,

Into the city of Mexico, there is sent on beasts of burden and otherwise, a considerable quantity of this liquor. The Mexicans will not discontinue to use this liquor because it is brought by the railway, and as the cost of carriage will be much cheaper, we have every reason to believe that we shall enjoy a large portion if not the whole of the supply to Mexico, and of the traffic derived from that national drink.⁵²

With a finished line between Mexico and Puebla, he estimated that passengers would travel from Veracruz by rail and stage in two not three days. More importantly, light goods would take six days rather than twenty-one as common during the rainy season.⁵³

IV. Finance and Construction

Railroads were enormous consumers of capital and technology. The undertaking required an established infrastructure of both banking and capital markets, not to mention skilled engineers, technicians, supplies, and equipment.⁵⁴ But railroads seemed worth almost any price. As Luis Robles observed, “each nation, according to its level of civilization, power, or wealth, and above all, prevailing public spirit, has adopted the measures with which they must construct railroads.” Thus railroads demonstrated more than the power or wealth of a country, they revealed its state of civilization, a symbolic validation of its entry into the league of advanced nations. The key obstacle would be paying for it. While some nations financed railroads privately, others did it publicly. Unfortunately, Mexico’s turbulent previous half century shattered the confidence needed for public investment. On the other hand, a solely state-

sponsored railroad program demanded wealth, organization, and a public administration capable of effectively organizing construction and service. Robles, therefore, described how the empire would follow a three-tiered approach, involving the state, private entrepreneurs, and the public. The first would grant exemptions, subsidies, and protection; the second would contribute their wealth; and the last would support these attempts at prosperity and progress.⁵⁵

The empire earmarked huge sums to railroad construction. The largest naturally went to the Mexico City-Veracruz line that received a pledge of four and one-half million pesos. A second concession for a Puebla to Veracruz line was targeted for another \$1,852,500. Along with a couple lesser lines to Toluca and Chalco, the total commitments by the empire in 1865 alone amounted to \$6,652,500.⁵⁶ Not deterred that expenditures for 1865 grossly exceeded revenues, the subsequent budget for 1866 saw requests by the nine imperial ministries for \$51,424,844 even though anticipated receipts would total only \$18,430,630. For its part, the Ministry of Fomento asked for \$4,722,021, the lion's share going to railroads. A. de Maintenant, a French financial plenipotentiary sent by Napoleon III to place imperial finances on a better footing, characterized the figure by the Ministry of Fomento as "manifestly excessive." The repair and maintenance of existing routes, not even including necessary construction, he reported, would no doubt absorb all available revenue for the ministry. The actual state of finances for fiscal year 1866 could not come near to the sums already committed to the railroads. Roughly \$1.4 million had been pledged for the Veracruz-Mexico City line, eight hundred thousand for a line from Puebla to Veracruz, and nearly \$1.8 million in credits for other infrastructure. With a potential deficit of thirty-two million pesos, Maintenant found it necessary to his own regret to cut these credits to \$462,000, less than one-tenth of the original request.⁵⁷

As 1866 progressed, the empire neared bankruptcy. Marshal Bazaine, head of the French Expeditionary Force, reported to his subordinates that work on the railroad had “suffered a delay due to the difficulties that the Mexican government is going through in order to pay its subvention.”⁵⁸ While the Imperial Mexican Railway Company received £88,700 as the state’s contribution and 15% of the imperial customs duties in 1865, no further payments had been made. Chairman Robert Wigram Crawford told stockholders in early 1866 that the Mexican government had “unfortunately allowed their payments to the Company to fall recently into arrears to an extent estimated by the latest accounts at about £220,000 and the money markets in London and Paris have made it impossible for the company to proceed with raising capital by way of bonds.” Crawford mistakenly believed, however, that an arrangement had been made “by which the whole of the arrears due to us of interest and redemption money, on the bonds of the Mexican Government held by the Company, and the whole of the sum [600,00 dollars] that will become due in the present year—1866—of such interest are to be immediately paid to us.” Although he never doubted the “good faith” of the Mexican Government, sincerity did not always accompany “the ability to pay.”⁵⁹ On this point, Crawford was correct. One of the company’s leading creditors, Eustáquio Barrón, ordered the suspension of all operations in May 1866. With the imperial government’s suspension of payments, European shareholders had reached their limits also—construction could not proceed. As the workers left the *tierra caliente*, bandits filled the void.⁶⁰ The desire of the imperial government to set up a rail network exceeded its ability to finance it.⁶¹

V. Regulation

From the start, Maximilian believed that the imperial government must maintain control over all concessions. While *prefecturas políticas* and *ayuntamientos* could give input on proposals, local officials were to have no authority to concede privileges, permission, or licenses for the construction, location, or exploitation of railroads.⁶² Compared to earlier concessions, a noteworthy aspect of imperial contracts involved a remarkable level of safeguards added to prevent speculation and abuse. Maximilian “well understood” that the financial state of the country and the exploitation of its riches depended on the establishment of railroads. While the emperor and the Minister of Fomento agreed to allow concessionaires some latitude and occasional subsidies, there needed to be limits on the exemptions that posed as pretexts for abuse by speculators “*sin fé*.”⁶³ But without an official guideline to follow, each new concession—like the one with Escandón—prompted great debate. Rights granted to one would unaccountably be rejected for another. In short, a “simple law was necessary.”⁶⁴

Beginning in July 1865 and continuing over the next three months, the Council of State held regular discussions on the important issue of regulating and standardizing railroad contracts.⁶⁵ Finally approved on October 2, 1865, the imperial decree contained considerably more detail and requirements than its republican predecessors when it came to the rights and responsibilities imposed on the companies. From this point forward, exclusive privileges would not exceed fifty years and apply only to lines in the immediate vicinity. To prevent fraud, the government had sole discretion to grant subsidies, paid only after construction finished and not before. Once again, the state agreed to donate public land but now it reverted back if the railroad stopped operation. While the company still could denounce all *aguas minerales*, metals or substances discovered

during construction, all antiquities, objects of art, coins, or treasure belonged to the state.⁶⁶

Under supervision by the Ministry of Fomento, the government would approve detailed rate schedules, ensuring that the company would not sell more tickets than space and would furnish sufficient passengers and freight cars. The new regulations gave the Ministry of Fomento the power also to review matters of safety and construction. It would insist on the use of quality materials without defects that might compromise passenger safety. If state inspectors found weak or defective construction, the company had to repair or demolish the faulty work at the discretion of the inspector. The decree even specified such details as the width of tracks and the height of overpasses across canals, rivers, and roads. Finally, the government reserved the right to determine start and completion dates along with the right to make any changes that it deemed necessary.⁶⁷ In this way, imperial concessions far exceeded previous regulations on the general issues of quality control and protection for passengers.

Planned routes did not end with the Mexico City-Veracruz line. The empire envisioned tying Veracruz, Puebla, Guanajuato, Querétaro, San Luis Potosí, Jalisco, and other major centers in the central valley by rail. Although most projects used the capital as a hub, some proposed uniting various interior centers. By 1866, the Ministry of Fomento had received more than fifty proposals for lines in all directions.⁶⁸ Unlike the later Porfirian network, however, the empire had no immediate interest in linking Mexico with its northern neighbor—understandable since American railroad lines had yet to reach the border. The choices of routes seemed aimed with an eye toward expanding both domestic and export markets for Mexican goods. Luis Binel, for example, applied and received a concession to link the capital to Cuautitlán by noting the great advantages that it would bring to domestic manufacturing.⁶⁹ In another case, Eusebio Soler wrote

to Maximilian on October 19, 1865 asking for a fifty-year concession for a railroad linking San Luis Potosí to Tampico.⁷⁰ Due to the distance from the capital, the official *Diario del Imperio* argued that the line would help to create an intermediate zone, promoting immigration, industry, agriculture and commerce. Cognizant of how areas like Melbourne, Australia had grown overnight, the railroad would bring new populations with their levels of “activity inherent to modern industry.” Equally important, it would help with public tranquility and security of the area.⁷¹ Robles recognized the need for the line, but advised Maximilian that at the requested subvention of \$6,000 per kilometer, the 294 kilometers would cost the treasury \$1,758,000. Since imperial finances could not permit it, he recommended a fifty-year privilege without a subvention.⁷²

Limits to rates and profits also reveal much about imperial policy. The government made a concerted effort to preserve equitability and fairness in these contacts. For example, it fixed the prices for first class passengers from Veracruz to Puebla at \$.0625 per kilometer and \$.0425 for the return trip from the Puebla to Veracruz (about half of the stagecoach price). With an emphasis to encourage exports, the rate for freight from Puebla to Veracruz would cost half (\$.075 per ton per kilometer) that of the reverse trip (\$.15 per ton per kilometer). To avoid speculation, the company could reduce prices but not raise them again for three months. Any attempts to cut rates for select shippers—a practice common in the United States—were “formally prohibited.” Interestingly, the state would grant exceptions to the rate schedule only if done in the public’s interest such as fare reductions for the indigent. As a curb on excessive profits, if net income surpassed 15% during a five-year period after deducting all ordinary and unexpected expenses, the company had to give a rate reduction. To prevent cutting corners on service, the company had to

transport passengers and freight “carefully, precisely, promptly, and without special favor” with an adequate number of coaches (a minimum of twenty-five passenger and two hundred freight). The company even had responsibility for conveying all merchandise to the home of the consignee at a fixed rate that applied to all “without distinction.”⁷³ By promoting equal access and consumer protection, the state hoped to further its efforts to win support for its nation-building efforts.

With the Gulf coast tied to the capital and Puebla, the next logical route would connect these areas to the Pacific. On January 8, 1866, the government granted Ramon Zangroniz (holder of the Veracruz-Puebla line) along with Numa Dousdebés and Julio Ziegler, a concession for a 150-kilometer link from Puebla to San Juan del Rio via Atlixco and Matamoros Izúcar. The seventy-five year contract required that the first section between Puebla and Matamoros Izúcar be in use within two years. The government would provide a subvention once the plans were submitted. Once completed to San Juan del Rio, ships could navigate the Mexcala River to the Pacific Ocean around the port of Acapulco, thus connecting both oceans. The railroad, it was hoped, would facilitate the transport of sugar, coffee, and other consumables into Mexico City. Like others before, advocates believed that this railroad would open the mineral riches and fertile land just waiting to produce great profit.⁷⁴ As the emperor noted, railway construction “must bring together our rich interior with the capital.”⁷⁵

Although the key line remained between Mexico City and Veracruz, the Ministry of Fomento’s *Memoria* of 1865 noted the importance of constructing other railroads to the Bajío and the north. Querétaro, Guanajuato, Morelia, and Jalisco had populations and products that called out for development. The *memoria* highlighted the potential stimulus to mining and the local market that easily made up for the expense. Railroads could not only to expand internal markets

but place Mexico in the context of a growing world trade network. The government envisioned a great northern route from the capital to the port of Matamoros, a distance of 1,600 kilometers with branches to Aguascalientes, Zacatecas, Guanajuato, and Morelia. Another route of “great interest” would tie Guadalajara and Colima to the Pacific at Manzanillo. With the line branched to Guanajuato, León, or Aguascalientes and then joined with the Matamoros line, the network would permit traffic across Mexico, connecting the Atlantic and Pacific through the heart of the empire. As Luis Robles summed up, these principal lines merited “the attention and support of the government” with very liberal and generous concessions.⁷⁶

To drum up interest, the Ministry of Fomento began publishing calls for investors in the official *Diario del Imperio*. “This new means of promoting the formation of companies,” Robles boasted, would not only highlight desirable routes but also “offer the advantage of competition.”⁷⁷ While the empire had no lack of proposals, actual investors were harder to find. But once foreign capitalists realized profits on money invested in Mexican railways, Robles predicted that they would enter Mexico “*con gusto*.” Despite the empire’s desire to fashion its own network, Mexico still needed the capital, technology, and personnel that only foreigners could provide to finish the plan.⁷⁸

Of course, the empire would be “well disposed” to contract with American capitalists who wanted to establish themselves in Mexico. However, the recent conclusion of the Civil War in the United States coupled with Washington’s non-recognition of the Second Empire undoubtedly had a chilling effect on North American investment. Still, Robles recommended that American companies look into building lines that would cross or parallel the Veracruz to Mexico City or the Puebla to the Pacific route. Other possibilities included connecting Saltillo

to Matamoros, Zacatecas to Durango, or Mazatlán to Chihuahua. They guaranteed a lot of traffic and few construction problems making them good for investment.⁷⁹ Though the state continued granting contracts through 1866, without the funds to provide subsidies, the chances of building a successful rail network overnight became increasingly small.

VI. Steamships

In June 1865, the imperial consul in New Orleans, Luis de Arroyo, gave a speech on board the “Manhattan” before sailing from New York. The 1,500-ton ship was one of two operated by the *Compañía Americana-Mexicana de Vapores Correos* (American and Mexican Mail Steamship Company) that sailed between New York and Veracruz. With room for 150 first-class and 500 second-class passengers, the ships had fulfilled the promise of linking Mexico with North American ports that had been discussed for some years.⁸⁰ As Arroyo noted, during the time of the republic, “the establishment of a line of steamers from New York to Veracruz was even found impossible; and now when the Empire has hardly commenced to exist, it is found to be so far possible that here we are now on board the first of these noble steamers, built purposely for this line, and which will be followed by others.” He naturally took this accomplishment as evidence of the “liberal and truly progressive policy of our Emperor, who has not hesitated to grant a liberal subsidy to vessels with a foreign flag—a thing seldom, if ever, seen in the history of the world.”⁸¹

Next to railroads, the imperial government’s largest financial support went to steamship lines. Moderate liberal and former republican finance minister, Manuel Payno, found it almost “incredible” the number of projects undertaken by the empire, but all with the common feature of getting subsidies from the public treasury. By 1866, the two major steamship routes that

connected Veracruz to New Orleans and New York received some \$48,000 and \$120,000 pesos in government support, respectively.⁸² But to men like Luis de Arroyo, it seemed worth it.

Steamships meant “the development of the immense wealth with which the country abounds, by all the means known to modern civilization; and the distribution of this wealth all over the world by means of a commerce largely developed by liberal concessions.”⁸³

The expansion of maritime trade, both local and international, became yet another priority for the empire. Of course, in order to expand this commerce, the state needed to have accurate information. Just three months after arriving, Maximilian ordered an inventory of all ships operating both on the high seas as well as those engaged in coastal trade. The *capitanes del puerto* were instructed to list these ships by name, year of construction, tonnage, and overall condition in order to know “exactly the number and condition of the nation’s merchant ships that compose the maritime commerce of the empire.” The harbormasters would also record the name, nationality, and residence of the owner along with the age, birthplace, and sailing experience of the crewmembers. This listing of merchant ships was to be remitted every fifteen days.⁸⁴ Through this data, the emperor hoped that decisions concerning trade could be made with greater precision.

No only would Mexico need information on its fleet, but also on potential exports if it wished to expand trade. Once again, the government sent out a circular on November 18, 1864 to gather information. As the Minister of Fomento explained, the emperor desired “that all the elements of wealth on our fertile soil be developed and that the products of export before now limited to precious metals be expanded.” Unable to ignore the future importance of these measures, Maximilian urged taking all steps conducive to promoting the cultivation of tobacco,

cane, coffee, cotton, olives, wine production, flax, and silk that could be produced in such quantities that would make Mexico “one of the most wealthy nations of the globe.” In order to do this, the state needed to collect data on the cultivation, location, and climate most advantageous for each potential export crop and the measures needed to be taken to increase yields. Thus, the government instructed the *prefectos políticos* to give regular and true reports on crops in their area beginning on February 1, 1865.⁸⁵ For those landowners that excelled in cultivating these crops, the minister specifically asked for reports detailing their methods. These expert accounts, it was explained, would greatly help in perfecting the special course of studies planned for the new *Escuela Imperial de Agricultura*.⁸⁶

The state, of course, was not alone in wanting to expand trade. For some like the pro-imperial newspaper, *L'Estafette*, it seemed an absolute necessity. The paper argued that it was important for Mexico to have an “open-door” policy when it came to expanding trade. It pointed out that with a projected budget at \$35 million pesos for the upcoming year (1866) but with revenues optimistically reaching not more than \$25 million, the imperial government would soon face bankruptcy. To avert catastrophe, the nation would have to bring in one million workers and increase the annual movement of products and consumables by \$100 million pesos. The only option, *L'Estafette* pointed out, would be the opening of Mexican ports to all capitalists and allowing European and U.S. companies freely to exploit Mexico’s riches.⁸⁷ But while the emperor understood the advantages to unfettered trade, he was more reticent to cede control over to other nations. He felt that it was “absolutely necessary” for Mexico’s future that “courage and firmness” be shown toward an expansionist United States.⁸⁸ In the case of the *Compañía Mensagerias Imperiales Mexicanas*, therefore, a requested subsidy for its steamship line between

Veracruz and New Orleans was recommended partly on the basis of its being a “purely Mexican” enterprise. The director in charge of maritime affairs observed that two rival lines—one belonging to a Mr. Whitney of New York and the other to the *Compañía Transatlántica Francesa*—would soon begin service, putting the Mexican line at a competitive disadvantage.⁸⁹

Nevertheless, when it came to steamships, imperial policy understandably centered on setting up lines to connect Mexico with North American ports primarily those of New York and New Orleans. While transporting passengers and freight was economically important, steamships also had great value in speeding correspondence especially with Europe. The American and Mexican Mail Steamship Company’s steamers, for example, often arrived in New York in time to meet steamers from France and England. Another line between Veracruz and New Orleans was timed to arrive in New Orleans so correspondence could be relayed to New York and then promptly transmitted to Europe. In fact, mail from Europe arrived faster in Mexico by way of New York than directly from Southampton or Saint Nazaire. The Ministry of Foreign Affairs, as a result, informed imperial consuls in the U.S. to send urgent correspondence to New York first to take advantage of this quicker route.⁹⁰ Steamships, as a result, allowed the empire to become increasingly tied to the growing communication web between the Old and New Worlds.

As for the concessions themselves, they revealed much about the importance attached to these lines. In May 1866, for instance, the imperial government granted a ten-year concession to Carlos F. Loosey for a mail-steamship service between Veracruz and New Orleans.⁹¹ A minimum of 1,000 tons and large enough for seventy-five first class passengers, the ships were scheduled to make three roundtrips every month. Starting with one or two steamships, Loosey would receive a subsidy of \$2,000 pesos in gold or silver for each roundtrip but not to exceed a

total of \$6,000 per month. In return, the government would receive half-price fares for all officials, troops, and functionaries as well as their equipment. Official letters and packages would be transported free. This subsidy would continue for the first two years of operation upon which time the state would judge if the contract would be continued or ended. On the other hand, if a trip were not taken or delayed, the company would face fines ranging from \$40 to \$500 pesos. Failure to make at least six trips a year warranted cancellation.⁹²

In keeping with the empire's penchant for detail, the concession also contained a number of stipulations ranging from the speed of the ships (an average of eleven miles an hour) to the requirement of an onboard doctor with a well-stocked surgical kit. Imperial agents, moreover, were empowered not only to check on the overall condition of ships but even of the staterooms. Like railroad concessions, private freight and passenger rates would be regulated and not to exceed those charged by the American and Mexican Mail Steamship Company. The most interesting provision permitted imperial agents to give out tickets to twenty-five immigrants—either individually or as families—be transported from New Orleans to Veracruz on each trip.⁹³ As Maximilian wrote, the line of steamers directly from New Orleans to Veracruz was “directly linked with the colonization of vast available lands.”⁹⁴ This provision underscored the great importance that the imperial government placed on bringing labor into Mexico to open new lands and expand agriculture. But, as was often the case, good intentions did not pan out. In October 1866, Loosey requested that the stipulated seventy-five passengers per trip be reduced to fifty and balked at having to transport immigrants at all.⁹⁵

The imperial government also looked into expanding coastal shipping trade as well. *Casa de Martínez y Compañía*—a company reportedly formed by business interests in Tabasco

and Sisal—proposed two steamship lines running from Veracruz to Matamoros and to Sisal twice per month.⁹⁶ In its proposal, *Martínez y Compañía* presented a strong economic argument to back its request for a ten-year concession that echoed similar ones made by the imperial government itself. As the company explained, the lack of rivers and poor roads meant that goods were costlier in Mexico than in Europe or the United States. Steamships, however, would cut transit costs, making Mexican goods competitive with foreign ones. In the past, Mexico exported mostly precious metals but very little in the way of agricultural products. A steamship line would help transportation of goods from Tabasco (an area that had navigable rivers), the Yucatán, Chiapas, Tehuantepec and even Central America. Regular service, therefore, would provide a “stimulus” to production and exports. On this basis alone, the company maintained, the steamship line would not only be good for public prosperity, but also help to boost revenues for the imperial treasury as well. Moreover, “if this company prospers, such fortune will be the means that will form other similar ones.” If not done, however, it would mark the death to the “spirit of work and enterprise.”⁹⁷ In other words, success would breed success.

Of course, the company felt it necessary to get a government subsidy for this enterprise. If the empire would not grant the same exemptions and privileges as enjoyed by packet boats in Europe, the company claimed that it would be impossible to begin service with the “exactitude” required. Therefore, the company asked for a subsidy of \$1,000 pesos for each roundtrip for the southern route to Sisal and \$1,500 for the northern one to Matamoros. When compared to other nations, the company called this request “insignificant” in light of the many advantages gained by faster and cheaper movement of goods. The company noted that the governments in Europe and the United States were very generous in regard to subsidies. It hoped that the empire would

follow this lead.⁹⁸

VII. Telegraphs

Uniting the empire would employ another of the technological hallmarks of the nineteenth century: the telegraph. In contrast to the time and the immense expense associated with railroads, the empire could erect telegraph lines quickly and for a far more modest cost. The telegraph could provide economic assistance for commerce while helping to end the social and political isolation in the countryside. Prior to advent of the empire, only two telegraph lines operated. Juan de la Granja, a former vice-consul in New York, received the first concession in 1849 to set up service for the entire country, but despite attempts to attract shareholders, few invested. He did, however, manage to import enough equipment from the United States to finish construction of a line from Puebla to the capital in 1851 and a year later on the route from Orizaba to Veracruz. When Granja died shortly thereafter, his major investor, Hermenegildo de Villa y Cosío, took control of the concession, completing the remaining portion from Veracruz to Mexico City by the fall of 1853. The governor of Guanajuato, Octaviano Muñoz Ledo, contracted for the other major route linking the capital to Guanajuato.⁹⁹

By end of 1854, Mexico had 733 miles of telegraph connecting some of the principal cities of the central valley. By Latin American standards, Mexico's start had been promising; both Chile and Brazil had completed their first lines only a couple years earlier. Still, Mexico's system paled in comparison to the U.S. network of some 12,000 miles in 1850. Unfortunately, the turbulence of the Reform wars only slowed progress. Faced with few alternatives, the conservative government of Miguel Miramón decided, in light of "services lent," to extend Villa

y Cosío's exclusive privilege for twenty-five years on the Veracruz line and ten years for any others that he established—a regrettable decision according to Luis Robles. The War of the Reform coupled with the onset of the Intervention, however, left much of Mexico's telegraph system in ruins by early 1863. Thus the empire had to start nearly from scratch.¹⁰⁰

In early April 1865, Maximilian directed a letter to the Minister of Fomento on “a work whose utility is incontestable.” In this letter, reprinted in the *Diario del Imperio*, the emperor asked for Luis Robles' serious attention in drafting a special study on telegraph lines and the manner by which to construct them. The planned network would unite the capital with the major population centers along with the principal ports, allowing it to intertwine with the “great lines of America and Europe.” The minister, Maximilian instructed, should prioritize the “most urgent” lines from both a financial and industrial point of view. In contrast to the imperial policy toward railroads, the emperor insisted “that the telegraph lines in Our country, above all, must belong to the State so their exploitation will be a sure source of important income.”¹⁰¹ But confronted with scarce funds and the importance of establishing as many lines as possible, Maximilian opted for private concessions though under strict controls. These contracts would contain a provision, therefore, that permitted the state to purchase the lines after completion. As for already existing concessions, he told the minister to review the validity of the contracts and arrange a method to appraise and reacquire finished lines through reimbursements from future profits. Interestingly, Robles pointed out that since personal profit would not motivate the state, rates would increasingly diminish, “making the telegraphs useful for the public by being within the reach of the poor.”¹⁰² The empire would run the system in the national interest as a state monopoly—the first such in Mexico.

Maximilian understood the usefulness of the telegraph not only in day-to-day administration but also in backing national authority. As soon as he had taken up residence in Chapultepec, the emperor established a telegraph line to the National Palace and later ordered all imperial ministries to be linked (though it took the Ministry of Foreign Affairs until September 1866 to do so).¹⁰³ The transatlantic cable, under construction at this time, promised to speed communications between countries as well. Wanting to be “current on all that happens,” Maximilian recommended that his envoys both in Europe and the United States always use the submarine cable for important news once in operation. In the meanwhile, the emperor would “immediately establish a transmission line to New Orleans.” This would allow imperial agents in Europe to send their telegrams to New York and relay them to New Orleans, then onto Mexico City.¹⁰⁴ Although the empire turned down a plan to link the Yucatán, Cuba, and Central America, the Ministry of Fomento studied a proposal for two submarine cables in the Gulf connecting the cape of Catoche to Veracruz and Cuba.¹⁰⁵

As Maximilian waited for the Ministry of Fomento to draw up official regulations, the empire turned to three private contractors. On June 7, 1865 Carlos Clute received a concession for three lines from Guanajuato to Matamoros (via San Luis Potosí, Saltillo, Monterey), from Matamoros to Veracruz, and from San Luis Potosí to Durango (via Aguascalientes, Zacatecas, and Fresnillo). The lines north through the interior—Durango, Monterey, and Matamoros—were of particular interest to the emperor and promised eventual connection to the United States.¹⁰⁶ The government gave Clute a year to complete the segment from Guanajuato to Matamoros and two additional years for the other two lines. Following what would become standard practice, the government guaranteed an exclusive privilege for fifteen years along with

options to construct branches off the trunk line. The company would also receive the right to cut timber for poles on public land. Most important, however, the government promised a subvention of thirty pesos per kilometer, but with the prerogative to purchase the lines two years after completion at eighty pesos per kilometer. At any time, Clute had the discretion to sell or transfer his concession under the same terms and subject to Mexican law.¹⁰⁷

A representative of various New York capitalists, Carlos J. Arnoux likewise received a concession for a great western route from Mexico City to San Francisco with hubs at Toluca, Morelia, Guadalajara, San Blas, Mazatlán, and Guaymas. The contract signed on August 12, 1865 granted two additional lines from Mazatlán to Durango and one from the port of Manzanillo to Guadalajara. No stranger to the imperial government (Arnoux already held a concession for build an urban line in Mexico City), he had eight months to complete the first 210 kilometers, two years to reach San Blas, and five years to finish all three projects. Once again, the government promised a subvention with the later option to buy. To protect itself, the government added a clause to inspect the company's accounts and retain final approval of any proposed rates—a move that would prevent price fixing.¹⁰⁸ A third major concessionaire in 1865, Rodrigo Rincon, contracted to join Lagos with Aguascalientes and San Luis Potosí under the same basic terms given the previous concessionaires.¹⁰⁹ Thus by the end of 1865, the government had arranged to link the largest centers in the empire along both coasts.

For more isolated locations with less profit potential, the empire undertook construction directly with public funds. On July 3, 1865 Maximilian authorized \$10,000 to establish a line from Tehuacán to Oaxaca with “greatest possible brevity.” To set up the line, the government requested that the *prefecto* supply the needed wood and workers while government would contract

for the necessary equipment in Europe and the United States. With most of the material arriving in Veracruz, Robles reported to Maximilian that construction would be finished by the first months of 1866. The government also funded another line from Sisal to Mérida, opening the fifty-two kilometer route on November 12, 1865.¹¹⁰ In this way, modern communications would gradually stretch across the entire empire linking even the most remote areas. This reflected a true determination to forge a nation outside of the central valley even if at state expense.

Not everyone approved of this integrated approach. While one of the biggest advocates for telegraphs, Marshal Bazaine also became one of the empire's leading critics on its handling of the concessions. For a military commander like Bazaine, the telegraph naturally promised the swift delivery of news from the front and the prompt transmission of necessary orders. Whereas railroads had military value for moving troops, few lines—if any—could be built before the scheduled withdrawal of French forces.¹¹¹ Telegraphs, on the contrary, could be constructed much more quickly, providing valuable logistic support to the French high command. Writing to Maximilian by way of Luis Robles, Bazaine explained the “primordial importance” of the telegraph for the empire both commercially and militarily. If the empire could connect Mexico City to San Luis Potosí and Durango, he predicted that it would double the results obtained with his troops.¹¹²

As expected, Bazaine continued to complain about what he saw as the slow pace of construction, reminding Robles of the empire's “immense interest” in establishing the telegraph lines “in the least time possible.” Despite the legalities involved, Bazaine felt that imperial welfare dictated the annulment of all contracts that did not proceed promptly. However, if the imperial government chose not to follow its own best interests, then rather than falling back on

the status quo, the marshal would detach military engineers to construct the Querétaro-San Luis Potosí telegraph himself.¹¹³ Clearly, the exchange between Bazaine and Robles revealed the differing priorities for the French military and the imperial government. The French saw the telegraph system in terms of its immediate military application unlike Maximilian's broader approach to nation-building.

After several months of study, Maximilian issued the "*Ley sobre establecimiento de líneas telegráficas en el imperio*" on November 1, 1865 that standardized and regulated concessions. In it, the government announced the underlying premise that the state held sole authority to construct lines except where convenience dictated outside contracting. Notwithstanding, the government would inspect the lines for quality of construction and, in extraordinary cases, could suspend operations on the lines or even order them taken down. While the government would permit the free use of wood from public property, the company could take only the trunk, with the remainder going to the nearest pueblo for public auction. The company would further agree to place an additional line on the posts reserved for government use with priority given to all correspondence from the Sovereign, military, or police. Learning from past experience, the decree required the concessionaire to post a bond against which the government could levy a fine against if the contract terms were not met. If the government chose to purchase the line, it would pay the actual value without attention to the original cost. To further protect itself from entangling foreign claims, the decree prevented concessionaires—considered Mexicans for purposes of the law—from selling, transferring, or alienating any part of the line without approval. A final provision permitted the state to set rates for sending messages, thus limiting free market forces. An attached list of regulations addressed everything

from wire gauge to hours of operation.¹¹⁴

When compared to railroad concessions, the decree revealed a far greater degree of state intervention and control. Mostly likely, the state had more leeway since telegraph construction was less technically complex and required far less capital, thus allowing the state greater room for negotiation among potential concessionaires. The fifty-six kilometer line from Mexico City to Cuernavaca, for example, cost \$6,185 for 152 *quintales* (15,389 pounds) of galvanized wire, 1,330 wooden poles, 1,500 insulators, a transmission system with batteries, freight, and labor.¹¹⁵ In fact, the estimated budget for May to December 1866 totaled \$46,800, only a fraction of what the empire was prepared to spend supporting railroads.¹¹⁶ Moreover, the telegraph proved both popular and profitable. Great fanfare greeted the completion of each route and helped to bolster the impression, as Teodosio Lares noted, that Maximilian was always “promoting the progress of the country.”¹¹⁷ When the seventy-nine kilometer stretch between the capital and Cuernavaca opened on February 12, 1866, for example, the city’s *Club de Gallo* planned an obelisk in the *plazuela* to thank the emperor for bringing the telegraph to their city.¹¹⁸ During 1865 alone, the fifteen telegraph offices along the Veracruz line handled 56,789 telegrams (772,480 words).¹¹⁹ With a ten-word telegram to Veracruz or Guanajuato costing \$1.50 pesos, these two lines alone generated well over \$100,000.¹²⁰

By the end of 1865, the empire had begun to fulfill Maximilian’s goal of placing all department capitals in touch with Mexico City. It could boast 1,308 kilometers in operation with almost a third of the total between Veracruz and the capital (395 kilometers).¹²¹ The government had completed its fifty-two kilometer Sisal-Mérida telegraph and continued construction the Tehuacán–Oaxaca line. Although new lines linked Mexico City with León and Cuernavaca, the

general lack of progress by early 1866 led the empire to contract Francis A. Kieffer to set up a 234-kilometer line between Querétaro and San Luis Potosí with a second line between Morelia and Querétaro. To “facilitate prompt construction” and guarantee the necessary construction materials, the government promised a subsidy to be paid one month after 100 kilometers started operation. By September 1866, however, Kieffer had already begun demanding the subsidy even though the line still remained under construction.¹²² The lack of progress led Bazaine to order the foreign legion to assist Kieffer’s company “by all means possible”—including a loan of \$500 that Bazaine demanded the empire refund due to the “bad faith” and “insolvency” of the company.¹²³ By the following month, the government began proceedings to cancel Kieffer’s concessions.¹²⁴ With the withdrawal of French troops mostly completed by the end of 1866, Bazaine would never make military use of the telegraph that he had hoped would change the tide of war.

VIII. Conclusion

Maximilian would proudly note in 1866 that “My government travels firmly on the road that I have laid down.”¹²⁵ For Maximilian, three great networks constructed of iron, steam, and electricity would set the foundation upon which Mexico would build its empire and take its place among the nations of the world. Railroads, steamships, and telegraph lines became symbols of a modern and progress age. “In the end,” Luis Robles observed, “the generous, liberal, and full protection that His Majesty dispenses to the railroad companies, will stimulate private and public interest, transforming the Mexican Nation into a powerful Empire through its riches, population, labor, civilization and culture, and through its love of the country.”¹²⁶ No less than the economic

transformation of the country and the future of the empire as a nation depended on it.

The undertaking had been an extensive one. By the end of 1865, railroad share capital exceeded twenty-eight million pesos with nine million actually employed. The empire had contracted seventy-seven engineers and could point to 120 kilometers of working rail mileage, 266 kilometers under construction, and 153 kilometers in the planning stages. Ten stations had been built with thirty-five underway. Fifteen locomotives, eighty-six passenger coaches, and 136 freight cars moved 2,310,285 passengers and 173,925,352 kilograms of freight for annual profit of \$663,712. Still, when “compared to the needs of the country,” Robles admitted, “this result is certainly quite small but if one takes into consideration the short time in which works have been carried out and the immense difficulties with which it has had to contend, it is very large.”¹²⁷

Although republicans later conceded that the empire had made some progress, Rafael Martínez de la Torre explained that “the [Imperial] Government had made grand expenditures, extravagant sacrifices to have a railroad, and neither money nor the sacrifice were enough to see real progress on the line coming from Veracruz to the Capital.”¹²⁸ In truth, when it came to expenditures and sacrifices, the empire oftentimes practiced more caution and restraint than had their republican counterparts. As for “real progress,” three years of imperial rule easily matched the total accomplished up to that point—not an easy task when faced with incessant warfare and imminent bankruptcy. The Restored Republic demonstrated its own eagerness by continuing to deal with Escandón. Upon returning to power, the Juárez government had been placed in an awkward position. On the one hand, Escandón had violated his 1861 contract by illegally transferring the concession and accepting subsidies from the “usurper” government. As a result,

the company had technically forfeited its right for immunity under the amnesty law of August 16, 1863. On the other hand, Juárez's Minister of Fomento noted how Mexico had to "bear in mind the vital importance of the railroad destined to unite the capital of the Republic with the principal ports on the Gulf of Mexico." Cancellation of the imperial bonds, which circulated primarily in England, would mean the paralysis of the Veracruz railroad and pretty much eliminate hope of raising capital in Europe. The government, in short, opted for expediency rather than the severity of justice; it decided to pardon the company.¹²⁹

On November 27, 1867, Juárez signed a new contract with the Imperial Mexican Railway Company (re-christened the "*Ferrocarril Mexicano*"), pointing out its many advantages over its 1861 republican predecessor.¹³⁰ The new concession reduced the exclusive privilege from perpetuity to seventy-five years. While the 1861 contract exempted import taxes for thirty years, the new agreement allowed for only ten years. Moreover, the government now reserved the right to set reasonable rates (particularly for merchandise) giving discounts for national goods exported by rail. It also prevented inaugurating the line until the government affirmed the quality of the construction.¹³¹ While the new Escandón contract did represent an improvement over the 1861 concession, it included nothing that the empire had not addressed before.

¹ Niceto de Zamacois, Historia de Méjico desde sus tiempos mas remotos hasta nuestros dPas, vol. 18 (México: J. F. Parres y Compañía, 1881), p. 7; El Diario del Imperio, July 6, 1865.

² The first phase of globalization has been generally seen as beginning in the 1870s through the advent of World War I as the international movement of capital, goods, and labor increased extensively.

³ "Instrucción a los prefectos políticos," Chapultepec, November 3, 1864, in Alocuciones, Cartas Oficiales, é Instrucciones del Emperador Maximiliano durante los Años 1864, 1865, 1866 (Mexico: Imprenta Imperial, 1867), pp. 61-71.

⁴ For a discussion of these imperial bonds, see Steven C. Topik, “When Mexico Had the Blues: A Transatlantic Tale of Bonds, Bankers, and Nationalists, 1862-1910,” The American Historical Review 105 (June 2000):714-738.

⁵ The possibility of re-establishing a Habsburg branch in the New World led to much wishful thinking. In fact, Maximilian even imagined that his younger brother, Ludwig Victor, might marry one of the daughters of Brazilian emperor Dom Pedro II. This would allow the Habsburgs to reign over two great New World empires, Egon Caesar Count Corti, Maximilian and Charlotte of Mexico, trans. by Catherine Alison Phillips, (New York: Alfred A. Knopf, 1929).p. 280.

⁶ Maximilian to Velázquez del León, Chapultepec, November 11, 1864, in Alocuciones, Cartas Oficiales, y Instrucciones, pp. 57-59.

⁷ Blas Balcárcel, Memoria que el secretario de estado y del despacho de fomento, colonización, industria y comercio presenta al congreso de la union (México: Imprenta del Gobierno, 1868), p. 43. For a discussion of these issues, see E. Bradford Burns, “Cultures in Conflict: The Implication of Modernization in Nineteenth-Century Latin America,” pp. 11-78, in E. Bradford Burns and Thomas E. Skidmore, Elites, Masses, and Modernization in Latin America, 1850- 1930 (Austin: University of Texas Press, 1979).

⁸ King Leopold of Belgium, Maximilian’s future father-in-law, apparently pressed for the appointment, Corti, Maximilian and Charlotte, pp. 70-71, 82.

⁹ Advenimiento de SS.MM.II Maximiliano y Carlota al trono de México (México: Andrade y Escalante, 1864), pp. 13-15.

¹⁰ William Jenks, Francis Joseph and the Italians, 1849-1859 (Charlottesville: University Press of Virginia, 1978).

¹¹ Letter to the Minister of Fomento, Chapultepec, November 27, 1865, in Alocuciones, Cartas Oficiales, y Instrucciones, pp. 149-51.

¹² Discurso en la inauguración del ferrocarril a San Angel, San Angel, June 17, 1866, in Alocuciones, Cartas Oficiales, y Instrucciones, p. 211. Also reported by the Diario del Imperio, June 7, 1866.

¹³ William H. Beezley, “Recreating the Creation of Mexico: Pondering Nineteenth-Century Celebrations of Independence,” paper presented at the IX Conference of Mexican, United States, and Canadian Historians, Mexico City, October 27-29, 1994; Ignacio Manuel Altamiro, “Crónica de la fiestas de septiembre en México y Puebla,” Lecturas Históricas de Puebla, Secretaría de Cultura, 1987.

¹⁴ One third of the fare was deducted if the passenger rode outside with the driver, Juan N. del Valle, El Viajero en México (México: Andrade y Escalante, 1864), pp. 267-68.

¹⁵ Recollections of My Life by Maximilian I. Emperor of Mexico. New Edition with a preface in Three Volumes, Vol. 1 (London: Richard Bentley, 1868), p. 81.

¹⁶ Luis Robles Pezuela, Memoria presentada a S.M. el Emperador por el Ministro de Fomento Luis

Robles Pezuela de los trabajos ejecutados en su ramo el año de 1865 (México: Imprenta de J.M. Andrade y F. Escalante, 1866), p. 141.

¹⁷ D. W. Seager, The Resources of Mexico apart from the precious metals (Mexico: J. White, 1867), p. 3.

¹⁸ Recollections of My Life, Vol. 1, p. 169.

¹⁹ Decree. April 3, 1865. Robles, Memoria presentada a S.M. el Emperador, document 116, pp. 612-14. See also Boletín de las leyes del Imperio Mexicano ó sea código de la restauración, tomo 4, enero a mayo 1865, publicado por José Sebastian Segura (México: Imprenta Literaria, 1865), pp. 315-18.

²⁰ William L. Sherman and Michael C. Meyer, The Course of Mexican History (New York: Oxford University Press, 1979), p. 405.

²¹ Carlo M. Cipolla, ed., The Fontana Economic History of Europe, vol.4 (New York: Barnes & Noble, 1976-77), part 2.

²² Empress Carlota to Empress Eugénie, Mexico, June 18, 1864 reprinted in Corti, Maximilian and Charlotte, pp. 836-37.

²³ Maximilian to Napoleon III, June 18, 1864, reprinted in Corti, Maximilian and Charlotte, pp. 840-41.

²⁴ Advenimiento de SS.MM.II Maximiliano y Carlota, p. 194.

²⁵ Advenimiento de SS.MM.II Maximiliano y Carlota, p. 194.

²⁶ Alocuciones, Cartas Oficiales, ∅ Instrucciones, June 5, 1864, pp. 29-30; Breve Noticia del recibimiento y permanencia de SS.MM.II. en la ciudad de Puebla (Puebla: T. F. Neve, 1864), p. 11.

²⁷ Historians have been mixed on this issue. John Coatsworth has argued that railroads had a positive economic impact on Mexico but only for the export market. More recently, Sandra Kuntz Ficker has uncovered a much greater domestic effect than had been thought, see Growth against Development: The Economic Impact of Railroads in Porfirian Mexico (DeKalb: Northern Illinois University Press, 1981); Sandra Kuntz Ficker, Empresa extranjera y mercado interno: el Ferrocarril Central Mexicano, 1880-1907 (México: Colegio de México, 1995).

²⁸ Empress Carlota to Empress Eugénie, Mexico, June 18, 1864 reprinted in Corti, Maximilian and Charlotte, p. 839.

²⁹ Maximilian to Degollado, Palacio de Mexico, June 17, 1866, Papers of Joaquin and Mariano Degollado 1861-1923, File 2, University of Texas, Nettie Lee Benson Latin American Collection, (hereafter UTLAC). See also, Maximilian to Almonte, Palacio de Mexico, June 9, 1866, Conduxex, (Mexico City) fondo XXIII.

³⁰ Robles, Memoria presentada a S.M. el Emperador, p. 141.

³¹ Martín de las Torres, El Archiduque Maximiliano de Austria en Méjico (Madrid: Librería de D. A. de San Martin, 1867), p. 265.

³² Oñate V., “Las concesiones de los gobiernos mexicanos,” p. 85.

³³ Oñate V., “Las concesiones de los gobiernos mexicanos,” pp. 70-71; David Pletcher, “The Building of the Mexican Railway,” Hispanic American Historical Review 30 (1950), pp. 31-32. The government voided the concession due to its transfer to Garay but still paid him \$314,791 to rescind his interests and nationalized the constructed line in 1851.

³⁴ Oñate V., “Las concesiones de los gobiernos mexicanos,” pp. 66, 72-74.

³⁵ Oñate V., “Las concesiones de los gobiernos mexicanos,” pp. 74-76; Pletcher, “The Building of the Mexican Railway,” pp. 34-35. Manuel Escandón had made his fortune in the stagecoach business by establishing a line between Mexico City and Puebla in 1830. In the following years, Escandón had expanded into silver mining, textiles, and agriculture.

³⁶ El Siglo XIX, September 19, 1857; Oñate V., “Las concesiones de los gobiernos mexicanos,” pp. 65, 78.

³⁷ Pletcher, “The Building of the Mexican Railway,” pp. 36-37; Oñate V., “Las concesiones de los gobiernos mexicanos,” p. 77.

³⁸ Pletcher, “The Building of the Mexican Railway,” pp. 34, 37-8; Oñate V., “Las concesiones de los gobiernos mexicanos,” p. 71.

³⁹ Estatutos de la Compañía del Ferro-carril de México < Puebla, autorizada por decreto de 5 de Abril de 1861 (México: Imprenta de Ignacio Cumplido, 1861).

⁴⁰ Oñate V., “Las concesiones de los gobiernos mexicanos,” p. 82.

⁴¹ Pletcher, “The Building of the Mexican Railway,” p. 42; Robles, Memoria presentada a S.M. el Emperador, p.143.

⁴² Hidalgo reported to Maximilian that Escandón wanted him to subscribe “but my means are limited and I’ve subscribed to ten shares only to please you.” Hidalgo to Maximilian, Paris, August 27, 1864, Library of Congress, Haus, Hof, und Staatarchiv (hereafter LC- HHSA), box 119, karton 19, f. 442-61; Hidalgo to Maximilian, Paris, November 30, 1864, box 120, karton 19, f. 564-77. Hidalgo noted that he proceeded to publish the dedication to the Escandón railroad but it did not produced in Paris or London, the bad impression that was thought.

⁴³ Pletcher, “The Building of the Mexican Railway,” p. 44, Oñate V., “Las concesiones de los gobiernos mexicanos,” p. 83. Antonio de Escandón remained the primary shareholder with 29.5% of the stock.

⁴⁴ William Lloyd, Imperial Mexican railway Report to his Excellency the Minister of Fomento upon the progress of the works, March 1st 1866 (México: Andrade & Escalante Printing Office, 1866), p. 8. Lloyd rejected some of the previously constructed parts of Tejería to Paso del Macho section because it was hastily constructed and it could not take regular trains; The Mexican Times, September 16, 1865.

⁴⁵ Council of Ministers Meetings, December 1, 1864, LC-HHSA, karton 143.

⁴⁶ Boletín de las leyes, tomo 4, enero a mayo, 1865, p.122.

⁴⁷ Robles, Memoria presentada a S.M. el Emperador, pp. 143-44.

⁴⁸ The contract set freight rates at \$100 per 1,000 kilograms in first class, \$90 for second, and \$80 for third.

⁴⁹ “Convenio con la Compañía Limitada del Ferrocarril Imperial Mexicana,” January 23, 1865 in Memoria presentada a S.M. el Emperador, document 112, pp. 603-7.

⁵⁰ E. de Courcillon to Hayne & Company, New York, August 10, 1865 in Edward Lee Plumb Papers, Stanford University, M149, Box 1, file 6.

⁵¹ Although the proposed route would reach points almost twice as high above sea level as any other railroad in the world (8,333 feet), need tunnels, and a viaduct over the Metlac River, Lloyd explained that once finished, these features would establish it “as the most striking example of such enterprises throughout the world.” William Lloyd, Imperial Mexican railway Report . . . March 1st 1866, pp. 5, 8, 9, 11, 13.

⁵² Report of the Directors of The Imperial Mexican Railway Company, Limited, to be submitted at the Second Ordinary General Meeting of the Company on Wednesday, the 27th day of June, 1866.

⁵³ Report of the Directors . . . Wednesday, the 27th day of June, 1866.

⁵⁴ Daniel R. Headrick, The Tentacles of Progress: Technology Transfer in the Age of Imperialism, 1850-1940 (New York: Oxford University Press, 1988), p. 52.

⁵⁵ Robles, Memoria presentada a S.M. el Emperador, p. 142-43.

⁵⁶ Robles, Memoria presentada a S.M. el Emperador, document 110, p. 597.

⁵⁷ A. de Maintenant, Rapport a SA Majesté L’Empereur sur le budget de 1866, LC-HHSA, karton 32.

⁵⁸ Informe Quincenal, May 31, 1866, Bazaine to Generals Douay, de Castagny, Correspondencia de Achille François Bazaine, 1862-1867, Bazaine Archives, UTLAC, vol. 21, folio 4075-7, no. 653.

⁵⁹ Report of Proceedings at the Second Ordinary General Meeting of the Imperial Mexican Railway Company Limited, On Wednesday, June 27th, 1866, Robert Wigram Crawford.

⁶⁰ Pletcher, “The Building of the Mexican Railway,” pp. 46-47.

⁶¹ Juárez’s Minister of Fomento estimated the empire had paid \$1,180,535 pesos over the period to the company, Balcárcel, Memoria, p. 21.

⁶² José M. Ruiz, Secretaría de Fomento to Prefectura política del Departamento del Valle de México, Mexico, September 14, 1864 in Boletín de las leyes, tomo 3, abril a diciembre, 1864, number 103, p. 114.

⁶³ Robles, Memoria presentada a S.M. el Emperador, p. 142-43

⁶⁴ Robles, Memoria presentada a S.M. el Emperador, p. 143.

⁶⁵ Council of Ministers Meetings, July 22-September 13, 1865, LC-HHSA, karton 143.

⁶⁶ “Decreto sobre las bases á que deben sujetarse los contratos que se formen con las compañías constructoras y explotadoras de ferrocarriles,” in Colección de Leyes, Decretos, y Reglamentos que interinamente forman el Sistema Político, Administrativo y Judicial del Imperio, 1865, Tomo Quinto, Ministerio de Fomento (México: Imprenta de Andrade y Escalante, 1865), pp. 83-89.

⁶⁷ “Decreto sobre las bases á que deben sujetarse los contratos que se formen con las compañías constructoras y explotadoras de ferrocarriles,” in Colección de Leyes, Decretos, y Reglamentos, pp. 83-89.

⁶⁸ Robles, Memoria presentada a S.M. el Emperador, pp. 145-46.

⁶⁹ Luis Binel to Luis Robles, Mexico, November 29, 1864, Archivo General de la Nación (hereafter AGN), Segundo Imperio, caja 67; Decree, April 3, 1865, in Robles, Memoria presentada a S.M. el Emperador, document 116, pp. 612-14.

⁷⁰ Soler asked for a subvention of \$6,000 per kilometer and five kilometers on either side of the route. If he managed to replace animals with locomotives on the line before 1876, the subvention would go to \$12,000 per kilometer, Eusebio Soler to Maximilian, Mexico, October 19, 1865, AGN, Segundo Imperio, caja 17.

⁷¹ El Diario del Imperio, March 7, 1866; April 7, 1866.

⁷² “Diario de extractos que se remite a S.M el Emperador según sus instrucciones, April 6, 1866” AGN, Segundo Imperio, caja 15. During the Porfiriato, the subsidies averaged from \$6,000 to \$8,000 pesos per kilometer, see Paolo Riguzzi, “Los caminos del atraso: tecnología e inversión, 1850-1900,” in Sandra Kuntz Ficker and Paolo Riguzzi, eds., Ferrocarriles y vida económica en México, 1850-1950 (México: El Colegio Mexiquense: Ferrocarriles Nacionales de México: Universidad Autónoma Metropolitana Xochimilco, 1996), pp. 74-75.

⁷³ Robles, Memoria presentada a S.M. el Emperador, pp. 623-31.

⁷⁴ Decree, Cuernavaca, January 8, 1866 to Robles, Boletín de las leyes, primera parte, tomo 2, enero a julio 1866, no. 177, pp. 1-9; Robles, Memoria presentada a S.M. el Emperador, pp. 145-46.

⁷⁵ Maximilian to Degollado, Palacio de Mexico, June 17, 1866, Papers of Joaquin and Mariano Degollado 1861-1923, UTLAC, file 2; Maximilian to Almonte, Palacio de Mexico, June 9, 1866, Condumex, fondo XXIII.

⁷⁶ Robles, Memoria presentada a S.M. el Emperador, pp. 147-49. The empire even exhibited interest in developing railroads in the Yucatán well before the export boom later in the century; see Comisario Imperial José Salazar Iarregui to Prefecto Superior Político del Departamento, José García Morales,

Mérida, October 18, 1864, in Boletín de las leyes, tomo 3, abril a diciembre 1864, number 164, p. 174; El Diario del Imperio, June 8, 1866; Decree, the Comisario Imperial de la Península de Yucatán for the Emperor, in Robles, Memoria presentada a S.M. el Emperador, document 118, pp. 616-19; Maximilian to Minister of Fomento, Mexico, October 31, 1865, in Robles, Memoria presentada a S.M. el Emperador, pp. 619-20.

⁷⁷ “Convocatoria,” in Robles, Memoria presentada a S.M. el Emperador, document 122, pp. 146-47, 633.

⁷⁸ Robles, Memoria presentada a S.M. el Emperador, p. 145.

⁷⁹ Luis Robles to Bernard Caufield, Mexico, April 10, 1865, in Boletín de las leyes, tomo 4, enero a mayo 1865, pp. 422-23.

⁸⁰ Long-time resident of Mexico and government functionary, Carlos Butterfield proposed setting up a mail-steamship line between New Orleans and Mexican gulf ports back in 1860 though the continued unrest in Mexico prevented any action, Carlos Butterfield, United States and Mexican Mail Steamship Line and Statistics of Mexico (New York: J. A. H. Hasbrouck & Co., 1860).

⁸¹ Discurso pronunciado por el Señor Don Luis de Arroyo, cónsul del Imperio Mexicano en esta ciudad, con motivo de la inauguración de la línea de vapores-correos entre Nueva York y Veracruz (American and Mexican Mail Steamship Company), a bordo y durante el viaje de prueba del vapor "Manhattan" el Día 8 de junio de 1865 (n.p. 1865). Also reprinted in the Mexican Times, October 28, 1865, page 4.

⁸² By comparison, the Mexico City to Veracruz railroad received \$560,000 directly from the government and another \$1,000,000 from its 15% of customs receipts. Manuel Payno, Cuentas, gastos, acreedores y otros asuntos del tiempo de la intervención francesa y del imperio (Mexico: Imprenta de I. Cumplido, 1868), pp. 731-32.

⁸³ Mexican Times, October 28, 1865, page 4. To counter the impression that Maximilian’s empire was more commercially “liberal,” Edward Lee Plumb, the special courier to the American Legation in Mexico, suggested that Juárez open coastal trade to all nations and reduce the tariff to appeal to foreign interests. If the tariff could be lowered, it would help “checkmate Maximilian in the so-called liberal plans, which he has adopted.” Edward Lee Plumb to Sebastian Lerdo de Tejada, New York, February 21, 1865, in Edward Lee Plumb Papers, Library of Congress, container 6, no. 8790-1.

⁸⁴ September 27, 1864 Secretaría de Estado y del Despacho de Guerra y Marina to Boletín de las Leyes del Imperio Mexicana ó sea código de la Restauración, tomo III, abril a diciembre 1864, publicado por José Sebastian Segura (Mexico: Imprenta Literaria, 1864), pp. 137-138.

⁸⁵ “Instrucción a los prefectos políticos,” Chapultepec, November 3, 1864, in Alocuciones, Cartas Oficiales, é Instrucciones, pp. 61-71.

⁸⁶ “Luis Robles a prefecto políticos,” Mexico, November 19, 1864, in Boletín de las Leyes del Imperio Mexicana ó sea código de la Restauración, tomo III, abril a diciembre 1864, publicado por José Sebastian Segura (Mexico: Imprenta Literaria, 1864), p. 216.

⁸⁷ L’Estafette, July 22, 1865.

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- ⁸⁸ Maximilian to Juan Almonte, Chapultepec, June 29, 1866, Condumex, fondo XXIII, [Juan Almonte 1854-1871]. His distrust was particularly high towards Southerners whom he felt had “always been and always will be the sworn adversaries of Mexico whatever the form of its government,” Daniel Dawson, The Mexican Adventure (London: G. Bell and Sons, Ltd., 1935), pp. 335-36.
- ⁸⁹ Joaquín Velázquez de León, “Convención con la Compañía Mensagerías Imperiales Mexicanas en el Golfo de Mexico,” Mexico, January 28, 1865; Presidente de consejo de administración de la Compañía Mensagerías Imperiales Mexicanas to Ministro de Negocios extranjeros, Mexico, July 15, 1865, AGN, Segundo Imperio, caja 77.
- ⁹⁰ Circular, Ministro de Negocios extranjeros, Mexico, August 10, 1865, AGN, Segundo Imperio, caja 71.
- ⁹¹ Maximilian to Minister of Negocios extranjeros y marina, Mexico, May 30, 1866, in Boletín de las Leyes del Imperio Mexicana ó sea código de la Restauración, tomo II (segundo parte), enero to julio 1866, publicado por José Sebastian Segura (Mexico: Imprenta de Andrade y Escalante, 1866), p. 94.
- ⁹² A later additional article permitted two roundtrips to start. M. de Castillo, interin Ministro de Negocios extranjeros y marina to Carlos Loosey, Mexico, May 28, 1866, in Boletín de las Leyes del Imperio Mexicana, enero to julio, 1866, pp. 94-97.
- ⁹³ M. de Castillo, interin Ministro de Negocios extranjeros y marina to Carlos Loosey, May 28, 1866, in Boletín de las Leyes del Imperio Mexicana, pp. 94-97.
- ⁹⁴ Maximilian to Juan Almonte, Chapultepec, August 3, 1866, Condumex, fondo XXIII [Juan Almonte 1854-1871], no. 60.
- ⁹⁵ Ministro de Negocios extranjeros y marina to Maximilian, Mexico, October 1, 1866, AGN, Segundo Imperio, caja 42.
- ⁹⁶ “Proposiciones para el establecimiento de las líneas de vapores correos en el Golfo de México,” AGN, Segundo Imperio, caja 83.
- ⁹⁷ Martínez y Compañía to Ministro de Fomento, Mexico, October 17, 1864, AGN, Segundo Imperio, caja 83.
- ⁹⁸ “Proposiciones para el establecimiento de las líneas de vapores correos en el Golfo de México;” Martínez y Compañía to Subsecretario de Hacienda, Mexico, December 28, 1864, AGN, Segundo Imperio, caja 83.
- ⁹⁹ An American contractor, William G. Steward, worked on a line to Cuernavaca and Guadalajara during 1855 and eventually finished a line between Mexico City and Tacubaya but abandoned it due to low profits, Manuel Orozco y Berra, Memoria para el plano de la ciudad de México formada de orden e ministerio de fomento por el ingeniero topógrafo Manuel Orozco y Berra (México: Imprenta de S. White, 1867), pp. 222-24; Donathon C. Olliff, Reforma Mexico and the United States: A Search for Alternatives to Annexation, 1854-1861 (University, Alabama: University of Alabama Press, 1981), p. 54.

¹⁰⁰ E. Bradford Burns, Latin American: A Concise Interpretive History, 5th ed. (Englewood Cliffs, New Jersey: Prentice Hall, 1990), p. 146; Decree, Miguel Miramón, May 10, 1859 in Robles, Memoria presentada a S.M. el Emperador, document 47, pp. 92-93, 459-60; Orozco y Berra, Memoria para el plano, p. 223.

¹⁰¹ Maximilian to Robles, Chapultepec, April 10, 1865, reproduced in Boletín de las leyes, tomo 4, enero a mayo 1865, p. 376.

¹⁰² He also requested that a school be set up to train telegraphists. Robles, Memoria presentada a S.M. el Emperador, p. 93; Maximilian to Robles, Chapultepec, April 10, 1865, reproduced in Boletín de las leyes, tomo 4, enero a mayo 1865, p. 376; A couple months later, the Council of Ministers decided to delay reacquisition and its funding pending further study, Council of Ministers Meetings, June 5, 1865, LC-HHSA, karton 143.

¹⁰³ Luis de Arroyo to Maximilian, Mexico, September 11, 1866, AGN, Segundo Imperio, caja 65.

¹⁰⁴ Maximilian to Almonte, Chapultepec, September 18, 1866, no. 61, Condumex, fondo XXIII [Juan N. Almonte 1854-71]; Maximilian to Degollado, Chapultepec, August 18, 1866, Papers of Joaquin and Mariano Degollado 1861-1923, UTLAC, file 1.

¹⁰⁵ The plan for the cables came from Matthew Maury, “Diario de extractos que se remite a SM el emperador según sus instrucciones,” April 6, 1866, AGN, Segundo Imperio, caja 15; Robles, Memoria presentada a S.M. el Emperador, p. 95.

¹⁰⁶ Council of Minister Meetings Nov 21, 1864, LC-HHSA, karton 143.

¹⁰⁷ Decree, Maximilian, Puebla, June 7, 1865 in Robles, Memoria presentada a S.M. el Emperador, document 50, pp. 469-70.

¹⁰⁸ Decree, Maximilian, Mexico, August 12, 1865 in Robles, Memoria presentada a S.M. el Emperador, document 51, pp. 470-72; also reprinted in Diario del Imperio, August 19, 1865.

¹⁰⁹ Decree, Maximilian, Mexico, November 16, 1865 in Robles, Memoria presentada a S.M. el Emperador, document 52, pp. 472-73.

¹¹⁰ Robles Memoria presentada a S.M. el Emperador, pp. 94-95; Decree, Maximilian, Mexico, July 3, 1865, Boletín de las leyes del Imperio Mexicano ó sea código de la restauración, tomo 2, primera parte, julio a diciembre 1865 (México: Andrade y Escalante, 1866), p 12.

¹¹¹ José C. Valadés argued that the French needed to move troops; hence, the concern about building railroads, Maximiliano y Carlota, p. 259.

¹¹² Bazaine to Luis Robles, Mexico, November 2, 1865, reproduced in Genaro García, La Intervención Francesa en México según el Archivo del Mariscal Bazaine. Documentos inéditos o muy raros para la historia de México, published by Genaro García, vol. 2 (México: Editorial Porrúa, 1973), pp. 957-58.

¹¹³ Bazaine to Robles, December 19, 1865, Bazaine Archives, UTLAC, vol. 16, folio 3061.

¹¹⁴ Colección de leyes, decretos, y reglamentos que interinamente forman el sistema político, administrativo, y judicial del imperio, 1865, tomo 5, (México: Imprenta de Andrade y Escalante, 1865), pp. 93-105.

¹¹⁵ “Linea telegráfica de México a Cuernavaca, Su Costo,” AGN, Segundo Imperio, caja 63.

¹¹⁶ The largest single item (\$35,190) went for the Mexico City-Matamoros line that had been transferred from Clute to William Lloyd in February 1866, “Presupuesto del Ministerio de Fomento para los meses de 1º de mayo a 31 de diciembre de 1866,” May 26, 1866, in Boletín de las leyes, tomo 2, enero a julio 1866, pp. 91-92; Maximilian to Minister of Fomento, Cuernavaca, February 19, 1866 in Boletín de las leyes, tomo 2, enero a julio 1866, p. 28.

¹¹⁷ Teodosio Lares to Mariano Degollado, Mexico, February 9, 1866, LC-HHSA, box 133, karton 144, f. 432-35.

¹¹⁸ Arechavala to Minister of Fomento, Cuernavaca, March 9, 1866, AGN, Segundo Imperio, caja 17.

¹¹⁹ Robles, Memoria presentada a S.M. el Emperador, documents 48-49, pp. 460-68.

¹²⁰ “Tarifa del valor del los mensajes de la linea telegráfica,” AGN, Segundo Imperio, caja 64. These rates were somewhat lower than those under the republic, del Valle, El Viajero en México, pp. 266-67.

¹²¹ Other segments included San Andrés to Palmar (50 km); Tehuacán to la Cañada (50 km); Mexico City to León via Querétaro, Celaya and Guanajuato (431 km); Mérida to Sisal (52 km); Mexico City to Cuernavaca via Tlalpam and Tacubaya (79 km); Guanajuato to San Luis Potosí (204 km); and Guanajuato to San Miguel de Allende (45 km), Orozco y Berra, Memoria para el plano, pp. 225-26.

¹²² “Trabajos del Ministerio de Fomento,” Diario del Imperio, January 18, 1866; Decree, Maximilian, January 30, 1866 in Boletín de las leyes, tomo 2, enero a julio 1866, p. 17; “Extractos de las piezas que se remiten al Emperador por conducto de Su Secretaría privada,” September 26, 1866, AGN, Segundo Imperio, caja 8.

¹²³ Bazaine to General of Division Douay, Mexico, December 2, 1866, Bazaine Archives, UTLAC, vol. 25, f. 4912.

¹²⁴ La Era Nueva, October 25, 1866 in AGN, Gobernación, legajo 1862, expediente 2.

¹²⁵ Maximilian to Almonte, Chapultepec, September 18, 1866, no. 61, Condumex, fondo XXIII [Juan N. Almonte 1854-71].

¹²⁶ Robles, Memoria presentada a S.M. el Emperador, p. 147.

¹²⁷ Robles, Memoria presentada a S.M. el Emperador, pp. 145, 612.

¹²⁸ Rafael Martínez de la Torre, Exposición del Licenciado Rafael Martínez de la Torre, p. 4.

¹²⁹ Balcárcel, Memoria . . . presenta al congreso, pp. 18-19.

¹³⁰ Juárez exempted the company from forfeiture if construction continued and agreed to a \$560,000 subvention annually for 25 years. Despite the anger of Congress that Escandón remained a stockholder, the route was finished December 20, 1872 and was inaugurated on January 1, 1873. After the fall of the empire, Manuel Payno in his Memoria sobre el Ferrocarril de México a Veracruz (México: Imprenta de Nabor Chávez, 1868) criticized the Imperial Company as speculators spending twice or three times what was needed. Emilio Pardo responded with his Otra Vez el Señor Payno y La Empresa del Ferrocarril (México: F. Diaz de Leon y Santiago White, 1868) that he had to answer Payno's "slandorous affirmations and his mistaken numbers," p. 3.

¹³¹ Balcárcel, Memoria . . . presenta al congreso, pp. 20-21.