

# Can We Prevent Chaos in Mexico?

By George Creel

CARTOONS BY D. R. FITZPATRICK

Our southern neighbor, harried by debt and mismanagement, is plunging toward chaos. Only the United States can save her. But that does not mean armed intervention nor, primarily, the words and works of diplomats. Mexico needs businessmen, engineers, technicians. For she has splendid resources, and all she needs is the knowledge of how to use them

HOW to be happy though next-door neighbors; that is the problem that has vexed the United States and Mexico for a century. Particularly the United States. Blunderingly perhaps, but nevertheless sincerely, various Presidents from James K. Polk to Franklin D. Roosevelt have attempted to aid Mexico in the solution of her difficulties, hoping for the establishment of orderly, stable and democratic government, but always these efforts have ended in failure and the return of strained relations. Today, for example, after five years of a "good neighbor" policy based on sympathetic understanding of Mexico's need for a new social order that will lift her unhappy millions up into the sun, Washington is witnessing a wholesale expropriation of foreign properties that, despite the assurances of the Mexican government, has the appearance of confiscation.

What adds to irritation is an element of surprise,

for when Lazaro Cardenas took over the presidency in December, 1934, there was confident expectation that he would be a Roosevelt "buddy," sparing no effort to promote international amity by removing all causes of friction and guarding against recurrence. Instead of that he has been a worse neighbor than any of his predecessors, giving us the boot so often and vigorously that Uncle Sam's sacroiliac cannot now be distinguished from the nape of his neck.

The Constitution of 1917 proclaimed Mexico's ownership of all subsoil rights—oil as well as minerals and natural gas—and established land distribution as a governing principle, but Carranza had no money for indemnification and lacked the daring to confiscate on any large scale. Obregon went farther, expropriating estates here and there to satisfy importunate generals, but for the most part took pains to keep within the bounds of international law. Calles, after three years of enmity and aggression, calmed down and negotiated a peace pact with Dwight Morrow in 1928 that safeguarded American investments against actual confiscation, although restrictive laws continued to be passed. Ortiz Rubio and Abelardo Rodriguez, both Callistes, respected the agreement.

Not so with Lazaro Cardenas. A soldier throughout his adult life, and unembarrassed by the doubts and fears that come from intimate contact with the complexities of finance and economics, he has gone about endorsing every article of Mexico's constitution with all of the simple directness of a range bull. That document is the Bible of the Man from Michoacan, and he follows its high-powered, streamlined radicalism in utter disregard of what the outside world may think or do.

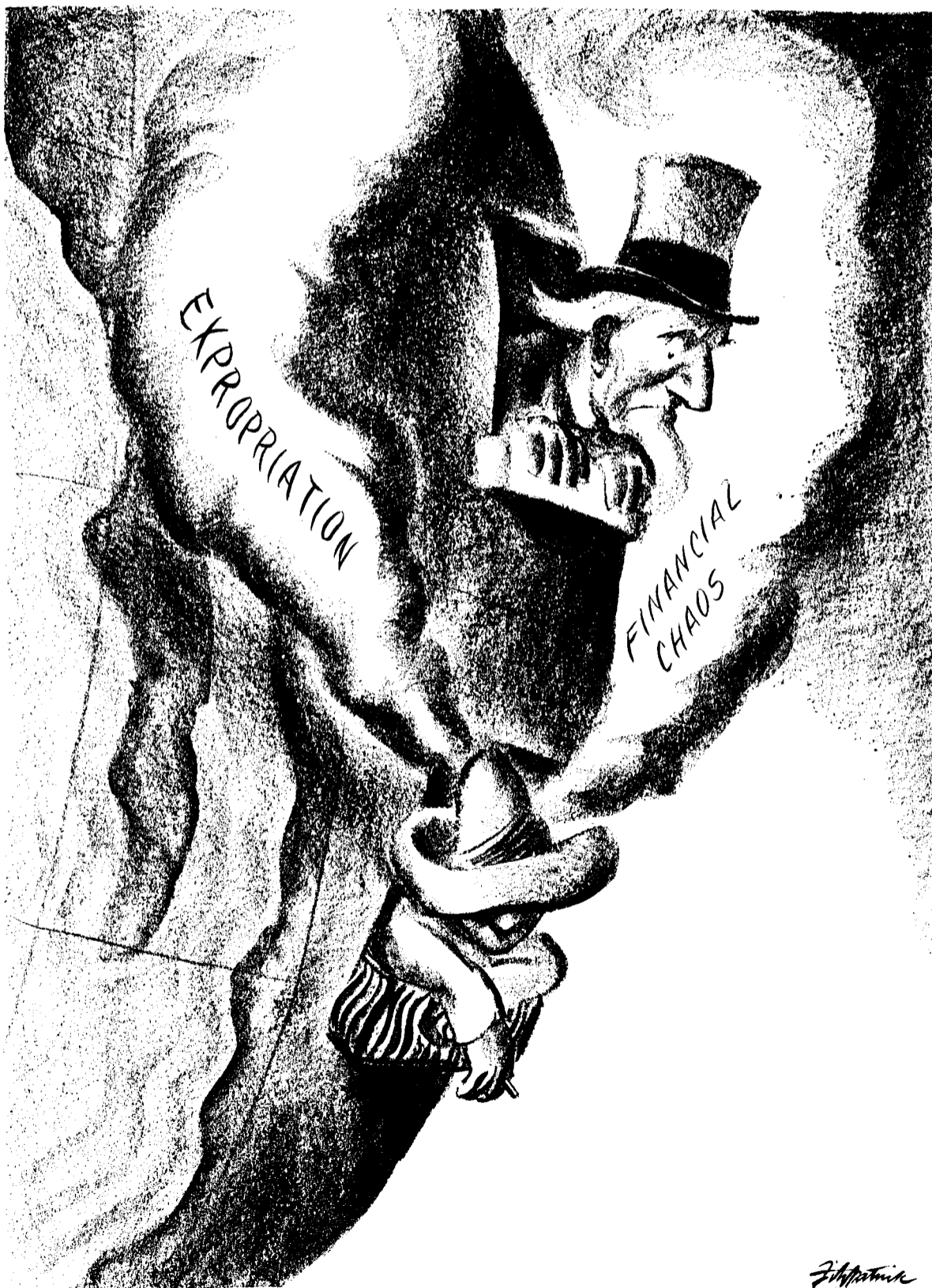
## Part of a Long-Time Process

Judging from excited columns in the press, it might be thought that Mexico's expropriation of the oil properties of seventeen foreign companies was something new, a sudden outbreak of nationalism, but as a matter of truth, it is part of a process that has been going on from the day that Cardenas took office. Between 1915 and 1934, seven Presidents of Mexico expropriated 25,666,442 acres of agricultural land, and while in no case was there any adequate indemnification, at least they went through the form of issuing agrarian bonds. Some of the confiscations were stained with blood, for Mrs. Evans, an American woman with an English husband, was murdered in defense of her property, but for the most part, wholesale expropriation was avoided. About the richest grab was a 73,000-acre tract highly developed by American capital.

In the first three years of the Cardenas administration, exactly 29,134,597 acres have been taken away from the owners and given to individuals and communities, while many owners rejected the bonds offered in payment. At no point, either, has there been anything piecemeal or picayunish about his expropriations, for among them were the Laguna tract of 1,105,812 irrigated acres in the states of Coahuila and Durango; broad stretches in the Yaqui, Mayo and Mexicali valleys; the German-owned coffee plantations in Chiapas, the rich henequen properties in Yucatan. Americans, English and Spaniards were hardest hit, although many "antisocial" Mexicans suffered along with them.

Just as the peasants were given land without waiting on any slow process of purchase, President Cardenas also lost no time in making good on his campaign pledge that labor should receive a lion's share of the profits of industry. As early as 1936 he expropriated all private ownership in the National Railroads of Mexico, and on May 1st of this year, by way of completing the job, handed their management over to a Worker Administration, made up of five union executives and two federal comptrollers. In addition, many strikes have ended in the expropriation of factories on the bland theory that it was the one way to "restore tranquility."

From his very first day in office, Lazaro Cardenas made it plain that he would stand or fall on a policy of "Mexico for Mexicans," meaning land distribution and the recapture of the machinery of production, along with all natural resources, from foreign con-



trol. Before he was even warm in his seat he started the organization of "pressure groups" to back him in his drive against alien capital and large-scale employers. The workers in agriculture and industry were virtually commanded to unionize, and the nature and purpose of this unionization was made clear by the banishment of Luis Morones, a labor leader of the William Green type, and the elevation of Vicente Lombardo Toledano, a flaming apostle of Karl Marx.

Still stronger proof of intent was furnished in 1936 by the enactment of legislation that broadened immeasurably the powers of the president to expropriate. When the great henequen farms in Yucatan were broken up and handed to the people, the new owners found themselves without machinery to process the henequen, and as they had no money with which to buy it, the governor decreed that the equipment of the former owners could be "temporarily occupied." This was contrary to existing law, for the Supreme Court had held in many cases that farm implements, tools, etc., could not be expropriated.

To cure this defeat, and while the court was hearing the Yucatan case, Cardenas put an act through Congress that explicitly established the right of the several states, as well as the federal government, to impose on all private property *any limitations demanded by social needs*. So that all who ran could read, the law stated boldly that when the chief executive decided that any kind of private property was necessary to the welfare of the people, or of a group, it could be taken away from the owners. The Supreme Court, in sustaining the right of the Yucatan workers "to occupy temporarily" the machinery of others, specifically upheld the constitutionality of the Expropriation Act.

Quite obviously, every foreigner in Mexico today, and every Mexican for that matter, holds his property at the pleasure of the government. President Cardenas, of course, denies that he intends to use his power arbitrarily. Time after time, as we sat together in the city's ancient palace, its foundations laid by Cortes, he insisted that no "honest, law-abiding business" had anything to fear. A sober, unsmiling man, giving plain evidence of Tarascan blood, reticence is one Indian trait that he has not inherited, for he talks frankly, even if slowly and carefully.

#### Forced by Owners' Arrogance

According to him, the expropriation of the oil properties was neither planned nor desired, but was an action forced on him by the arrogance of the owners. The National Board of Conciliation and Arbitration, handing down judgment in an "economic suit" filed by the unionized oil workers, ordered the companies to increase their annual pay rolls by 26,332,756 pesos, or about \$7,000,000. Refusing to obey, the oil people carried the case to the Supreme Court, and when faced by a confirmation of the decision, "tried to chisel the amount down to 26,000,000 pesos by dubious figuring."

"Out of a proper regard for the dignity of our courts," and the president spread his hands wide, "I had no other course than to enforce the law of expropriation."

Accepting his statement of facts, likewise his contention that the companies were amply able to meet the award, where was there guarantee that another year would not have brought new and impossible demands? And what if some business, ordered in the future to give a wage raise exceeding its financial resources, refused on the ground that it meant insolvency? Would a "proper regard for the dignity of the courts" compel the executive power to expropriate?

President Cardenas answers these questions by an emphatic denial that either Communism or confiscation has any place in the Mexican scheme of things. "Our program," he contends, "is as old as our civilization. Collective ownership of the land was a principal feature of Mexico's ancient social pattern. It is true, of course, that the Mexican Revolution has no connection with classical liberalism, but it is also far removed from the patterns of the Communistic experiment in Russia. It draws away from liberalism because we believe that this doctrine has fostered the exploitation of man by man through the unrestrained delivery of the sources of wealth, and of the instruments of production, over to the selfishness of individuals. It draws away from Communism because it does not fit in with the habits of our people to adopt a system that deprives the individual of the entire fruit of his effort, nor do we desire to substitute for the individual boss the state as a boss."

Communism, quite definitely, is a word that Lazaro Cardenas does not like, and he has equal distaste for rumors that credit him with receiving money and advice from Leningrad. His action in giving political asylum to Leon Trotsky had no other purpose than to

disassociate himself and his government from Soviet Russia in the mind of the world. Moreover, he has persisted in this harborage despite the incessant and bitter attacks of the powerful Confederation of Mexican Workers, which denounces Trotsky as "a traitor and an enemy." With equal vigor the President denies that confiscation is to be confused with expropriation. "We will pay for what we take," he declared, "even if it calls for the sacrifice of every constructive activity undertaken by the nation during the present administration."

#### But Mexico Can't Pay

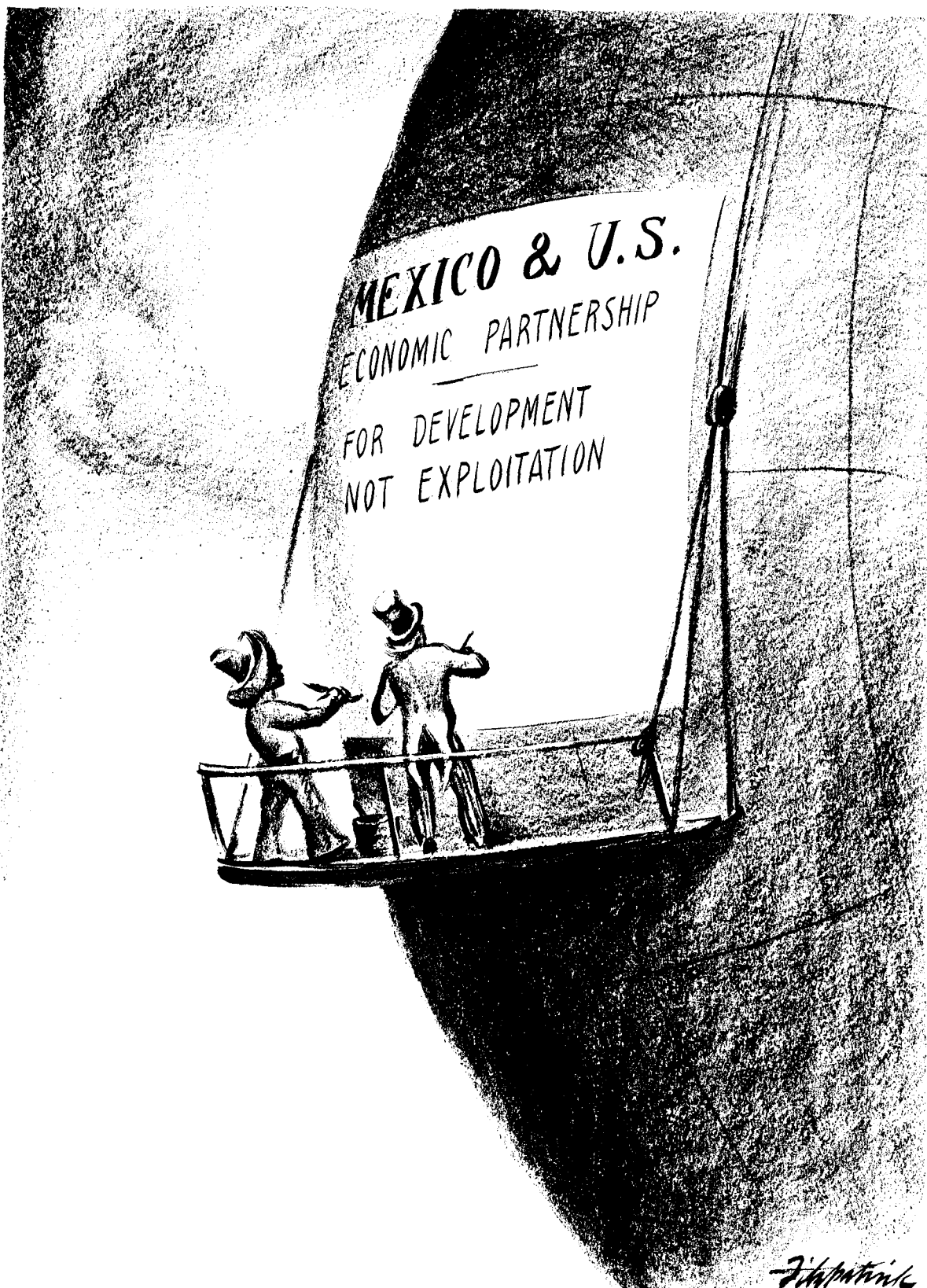
All of which is fine and undoubtedly sincere, but if he does *not* pay, the difference between Russia and Mexico is the difference between tweedledum and tweedledee. And any study of his country's financial condition proves conclusively that, as things stand, he *can't* pay. Right now Mexico owes everybody and for everything, and comes close to being flat broke. Getting exact facts out of a Mexican official or a government publication is virtually an impossibility, but the following figures are as reliable as any that can be secured.

Mexico's recognized foreign debt at the end of 1936 was \$510,000,000, and the last service on it was in 1928. This despite four or five sizable scaling downs granted by creditors. The internal debt is around \$35,593,000,

and the National Railway debt is something like \$466,000,000. The seventeen oil companies place a value of \$400,000,000 on the properties taken from them. The Mexicans, to be sure, jeer at the figure as absurd, but even if cut in half, that is another \$200,000,000. There are also millions owed to the United States and Great Britain for damages awarded by special claims commissions, and on top of everything, agrarian claims that run from \$125,000,000 to \$250,000,000. All that has been done about this item is a statement from the government that a "plan of indemnification is being studied."

Add up these amounts, and contrast the staggering total with Mexico's income of \$122,000,000 in 1937, and expenditures of \$121,000,000, without the payment of a debt!

What adds to the gravity of the situation is the manner in which Mexico is turning assets into liabilities. One out of every seven pesos of Mexican income came from the oil companies, about \$19,000,000 a year, and it was this same source that provided \$5,000,000 for the construction of the Pan-American highway from Laredo to the City of Mexico. The great hotel at Agua Caliente was expropriated on the ground that it was needed as a school, but it stands idle today because there is no money for the establishment and conduct of a school, and no pupils near at hand if there were money. Not only did the expropriation of the Laguna, Yaqui (*Continued on page 49*)



# Ten'll Get You Twenty

By Constance Wynn

ILLUSTRATED BY JARO FABRY

She wouldn't marry for money—and she didn't



"There's Blister's current girl," the fat man said. "I see them together everywhere. What do you think? Is he going to marry her?"

UNTIL Adele phoned, Doug hadn't realized that the drift of girls from himself to Blister amounted to a trend. No one else possessed both Adele's passion for polling the secret places of her soul and her delight in announcing the election returns.

"Doug," she breathed, "I can never thank you enough for bringing us together."

"Oh, that's all right," Doug said. "It's—uh—all right."

"Blister and I were simply made for each other. Of course I'm fond of you, Doug. I always have been. But what I feel for Blister—"

Something in her voice reminded Doug of an amorous rattlesnake.

"He's so romantic," she added. "And it's June—"

"As Blister's lawyer, and as your very good friend," Doug said, "I think I should tell you that he'll lose the bulk of his income if he marries in haste."

"What?"

"S fact. He's required to declare intention to wed six months in advance, or chunks of his money go to museums and things."

"How absurd!"

"The provision was made while he was in college and it hasn't been changed," Doug told her, wondering how long before she would discover that Blister had all the emotional stability of a flea circus.

Then Adele asked what Doug thought of her, and what Doug thought Blister thought of her, and what Doug thought everybody would think Blister thought of her. Ultimately she rang off, and Doug was left with the knowledge that in a week or two or three—when Blister met a new girl—Adele would phone him again, looking for a reconciliation or a shoulder to weep upon.

It occurred to him, as he stared unseeing at the mail on his desk, that this was a usual course of events. He took a girl around; she met Blister; Blister gave her a rush and the girl forgot about Doug; Blister met someone new and the girl looked to Doug to mourn with her. He got them going and coming, he thought, and this was a very sour joke.