

counter-revolutionary armies. No Russian government since March, 1917, even though composed exclusively of men who believe as devoutly in the sacredness of titles to private property as does M. Raymond Poincaré or Mr. Charles Evans Hughes, could by any conceivable legal validation have restored reality to the wealth which the war and its results had wiped out of existence. In so far as they tried to do so they would not bestow security on property. They would be selling unborn Russians who were not responsible for the results of the war and the revolution into economic servitude—the kind of servitude which the Russian peasant would, if necessary, willingly avoid by supporting a communist government.

Surely it is time for the statesmen and financiers of Europe and America to ask themselves what they gain by insisting stubbornly and meticulously upon the sacredness of titles to property, when as a consequence of their own acts or of governments under their control, the property itself is wholly or partly annihilated. Europe and to a much smaller extent the United States occupies the position of a railroad company which has destroyed or worn out one-third of its road bed and equipment and at the same time increased by ten-fold its bonded indebtedness. There is no way in which the debt can be paid, and the attempt to pay it only increases its future burdens. How can the titles to property be secure in a society which authorizes such an orgy of annihilation as that which took place during and since the World War? How can they be secure in a society which as a result of a war authorizes such a wholesale confiscation of private property as that which is specified in the Treaty of Versailles? How can they be secure in a society which when it is faced by the painful consequences of its own transgressions continues the process of confiscation and destruction by issuing more and more promises to pay which it cannot keep? M. Poincaré when he threatens to seize the Ruhr Basin as a penalty for the German failure to pay an impossible indemnity is doing far more to render property in Europe valueless and to deprive human life in Europe of dignity and worth than is M. Chicherin when he refuses to validate the titles to property which no longer exists. The Russo-German Treaty and not the memorandum submitted by the Genoa Conference to Russia indicates the policy which will give future security to property in Europe. Such security depends upon the abandonment rather than the inflexible assertion of titles which, if validated, will represent a claim not on productive economic machines and resources but upon an impoverished human life and labor.

When the Russian government demanded the lending to Russia of large additional sums of money in the same document which repudiated the obligation to pay back the amount which Russians had already borrowed, the demand was not so absurd as it looked. Just in proportion as the old debts are recognized the security for possible new loans diminishes in value. Russia can only pay a certain amount of money abroad even after her plant is restored. If she uses her ability to establish credits abroad chiefly for the purpose of paying interest on the old debts, she would be unable or able only to a small extent to pay interest on the new loans. Yet without new loans for a large amount, the productive efficiency of the Russian economic organism will remain gravely impaired. The restoration of future property values in Russia seems to depend in part upon the extinction of the titles to property belonging to foreigners which the war and its results have destroyed. But, of course, a grave and for the present an insurmountable practical difficulty remains. Russia is demoralized and bankrupt; her present government does not inspire any confidence in the mind of her actual and possible creditors. A future government of a different kind would be as keen to repudiate the obligations incurred by the Soviets as the Soviet Republic is to repudiate the obligations of the Tsar. Under the circumstances large loans are out of the question. They must be postponed until the Soviet government still further proves its ability to govern and to meet its own obligations. In the meantime the assistance which Russia will receive will come as the result of special bargains with particular groups of capitalists rather than from a general agreement.

Mexico:

Why Not Recognition?

WHEN is the anomalous relationship between our government and that of Mexico to be ended? After eighteen months delay is President Obregon at last to be recognized? It would seem so if rumors current in Mexico City and Washington are to be believed. But as yet no formal or official statement of either government gives credence to this report.

Just a year ago Secretary Hughes submitted to President Obregon the draft of a treaty of amity and commerce in which, it was then announced, Mexico was to agree to "safe-guard the rights of American property which attached before the Constitution of 1917 was promulgated." Mr. Hughes in explanation added, "Whenever there

is a government in Mexico willing to bind itself to the discharge of primary obligations, concurrently with that act recognition will take place."

Unfortunately, the text of this proposed treaty has never been published. The most exaggerated reports of its terms have been believed in Mexico. Its provisions have often been confused with the much more extreme terms urged by Secretary of the Interior Fall. It is not surprising, therefore, that a writer in one of the magazines last week reported that a high Mexican official had said that Mr. Hughes was demanding as the price of recognition the right to interfere gratuitously in the internal affairs of Mexico. Mr. Hughes' categorical and sharp denial would, we believe, not have been necessary, had the contents of the treaty been divulged. Secret diplomacy in our relations with Mexico has made distortion easy and misrepresentation almost inevitable.

Whatever the treaty's terms, President Obregon has persistently refused to sign it in its present form. He has, however, repeatedly declared publicly that foreign property will receive the fullest protection and that Article 27 of the 1917 Constitution, widely extending the principle of nationalization, will not be interpreted retroactively. He has officially suggested the appointment of joint commissions for the adjudication of all claims growing out of the revolutionary disturbances. In respect to taxes, he has denied any practice of discrimination against foreigners or that assessments are in any sense confiscatory. These assurances have not seemed adequate in Washington.

In the meantime, President Obregon has steadily consolidated his power. His government is recognized everywhere within the Mexican borders. The sporadic outbreaks which were for a time more or less common have ceased. The Congress meets regularly and the debates give every evidence of complete freedom of speech. The courts are exercising their functions throughout the country. The federal revenues are being paid regularly. The Constitution of 1917 is accepted everywhere as the supreme law of the land.

Mexico has, in fact, now emerged unaided from the disorders of revolution, has reestablished in large part her commerce, agriculture and her manufacturing. Production begins to approach that of 1910. Her mines have increased their output. The banking situation has been improved. The country is on a gold basis and exchange is about on a parity with pre-war figures.

It is evident now that the revolution has been a real revolution and not a mere change of power from one faction to another. The Madero-

Carranza-Obregon movement has been throughout essentially continuous. A far-reaching social and economic revolution, it has transferred political control from a very small capitalist, aristocratic and clerical group to the leaders of the still only partially formed middle class indoctrinated with liberal political and economic principles. These principles are essential to the establishment of successful popular government. The more equitable distribution of land, the separation of church and state, the abolition of peonage, the development of local political control, a system of taxation more favorable to the poor, the promotion of education by the state, progressive labor and welfare legislation—such are the watch-words of the Obregon administration, identical with those of Carranza, and before him of Madero.

Obregon has effected a working arrangement with the Catholic Church. Though its exact basis would be difficult to define, it is a compromise which appears to be giving general satisfaction. With the Protestant missionary forces, Obregon is, like his predecessor Carranza, on the friendliest terms, encouraging actively their religious and educational efforts.

Even the oil question is on the way to solution. Walter C. Teagle, President of the Standard Oil Company of New Jersey and Chairman of the committee of five leading American oil men who have just returned from a series of conferences in Mexico City with representatives of the Mexican government on taxation matters, has just announced that "an agreement has been reached placing oil taxes in Mexico on a sound and permanent basis." There remain unsolved the difficult problems of titles to oil lands acquired prior to the promulgation of the new Constitution. But all these are essentially justiciable. They should be satisfactorily settled either by arbitration or friendly negotiation. They cannot justify a policy of non-recognition.

Now, for the first time since 1914, Mexico's foreign debt is the subject of serious negotiations. Secretary of the Treasury de la Huerta is coming to New York the last of May to confer with the European and American members of the International Bankers Committee. Out of this conference, which is a continuation of those begun by Mr. Thomas W. Lamont in Mexico last September, may emerge a solution of the whole complicated problem of handling Mexico's various external obligations. Such an agreement would certainly facilitate and might form a part of a settlement of the remaining questions between the Mexican government and the American and other foreign oil interests. With the removal from the field of

controversy of the major questions of finance and oil, the questions involved in recognition would be greatly simplified.

One question remains a source of misunderstanding—Mexico's attempts to solve her most fundamental problem, that of the land. The administration of the law authorizing the breaking up of the vast haciendas has often been unwise, particularly in a few of the states. Theoretically American holdings have been taken over by the "vecinos" only when the titles have been defective, but practically the properties of Americans validly acquired have occasionally been sequestered without adequate compensation. The land bonds with which the Mexican government proposes to indemnify the dispossessed owners will at first have little, if any, value. Complaints against this policy of "confiscation" accumulating in the State Department must have done much to strengthen Mr. Hughes' determination to insist upon specific written guarantees prior to the recognition.

In view of the above brief survey of the situation in Mexico, is the United States justified in its policy of non-recognition? The de facto character of the Obregon government is unquestionable. It shows every evidence of stability and of capacity to carry out its international obligations—the two conditions designated by international law as prerequisites to recognition. Moreover, prior to the Wilson administration, it was the almost uniform practice of the United States to grant unconditional recognition to de facto governments. President Obregon has already been recognized by at least twenty-two governments, which include, in addition to fifteen Latin American states, Holland, Italy, Spain, Sweden, Germany, China and Japan. Under these circumstances, continuance of Mr. Hughes' policy of non-recognition will amount almost to an unfriendly, if not hostile attitude, especially since formal recognition by France and Great Britain waits upon prior action by the United States. None the less Secretary Hughes has shown no inclination to modify his requirements. Mexican opinion would bitterly resent any yielding to American "coercion." Must recognition then wait upon an educated and aroused American public opinion? Probably not, if a face-saving formula can be found.

A formula which may serve this purpose has just been suggested. It is the creation of an International Commission to study all of the relations between the United States and Mexico. Neither the Harding administration nor President Obregon have formally commented on this scheme. It might, however, be received favorably both in Washington and in Mexico City. In any event,

its adoption would be but a first step, yet an important first step, for it would substitute round-table conference for the exchange of formal notes. Such a Commission ought not, however, reopen questions which are either solved, like those of oil taxation, or in the course of solution, like those of the foreign debt.

Perhaps a more practical method would be the negotiation of an International Claims Convention, the making of which would automatically carry with it recognition; the understanding being that the Mexican government would thereafter immediately take up the negotiation of a treaty of amity and commerce along the lines proposed by Secretary Hughes last year. This Obregon would probably agree to do, if there was an understanding that nothing should be included in such treaty derogatory to the dignity and sovereignty of Mexico. But it is doubtful whether our government would accept this program unless the precise terms of the treaty later to be signed were agreed upon in advance. If these terms did not infringe upon Mexico's rights, President Obregon would seem to be well-advised if he were to accept them.

It is folly for either government to put technicalities of consistency above common sense. Mexico needs and deserves recognition. If Secretary Hughes were to be less the school-master and more the statesman, the remaining differences between the two governments—not primarily questions of form—would not much longer be permitted to postpone the reestablishment of normal diplomatic relations.

Curse Me This History

THERE are several differences between the National Civic Federation's Chairman of the Department on Study of Revolutionary Movements, Dr. Condé B. Pallen, and Balak the son of Zippor. Balak's enemies were the Children of Israel. Dr. Pallen's enemies are the two volumes of Mr. Wells' Outline of History. Balak said to Balaam: "Come now therefore, I pray thee, curse me this people." Dr. Pallen sends "a letter of inquiry" to "a number of American professors and historians." Balak realized immediately that he was not getting the curses for which he had placed his order with Balaam: "And Balak's anger was kindled against Balaam, and he smote his hands together: and Balak said unto Balaam, I called thee to curse mine enemies, and behold, thou hast altogether blessed them these three times."

Dr. Pallen's anger is not kindled against the American professors and historians who have