

commissioned M. Loucheur to propose to the Moscow Government a pact along the lines of the Locarno agreement, and M. Loucheur was rumored to have entrusted Comte Clauzel with the delicate duty of sounding the Russian delegates, who had given the suggestion a rather cool reception. Nevertheless, negotiations were said to be proceeding, and this was why M. Loucheur had gone to spend a week-end in Paris.

Behind all this smoke there was a little fire. Comte Clauzel had, as a matter of fact, called on M. Obolenskii,

but it was to inquire if the Russian delegation would accept an invitation, as the members of the other delegations had, to luncheon or to take a cup of tea. M. Obolenskii had responded, 'With pleasure.' Later M. Loucheur had really left for Paris, and in fact for Cocherel in Normandy. And his mission was an important one — it was to partake at M. Briand's rustic table of a jugged hare stewed in all the herbs of Saint-Jean, and of a leg of native mutton served with green peas of true Locarnian tenderness.

## A SWISS VIEW OF MEXICO<sup>1</sup>

BY CARL VON SCHUMACHER

DURING the chaotic period of banditry, guerrilla warfare, executions, assassinations, and armed intervention which succeeded the overthrow of Porfirio Diaz in Mexico seventeen years ago, one persistent force manifested itself with growing effect in that unhappy country. I mean the Labor movement. As soon as the old government had been overturned, economic issues came to the fore and the laboring classes began to assert themselves. The first of these to do so were the railway employees, who sabotaged the transportation of reactionary generals and their troops. It was the workers who put Obregón in power. To-day Calles, Obregón's successor, has labor leaders in his Cabinet, and depends upon the trade-unions almost as much as he does upon his troops to protect his Government.

This situation has set definite tasks

<sup>1</sup> From *Neue Zürcher Zeitung* (Swiss Liberal-Republican daily), April 12, 30, May 10

before the Administration which it cannot escape. First of all, it must do its best to improve the condition of organized labor. It has tried to do this by assisting strikers, bringing pressure upon employers, and other risky but easily understandable measures intended to benefit the working people, at least in the towns.

An eventually even more important, though less immediately urgent, task is land reform. Mexico is a country of vast estates, indifferently cultivated by a numerous population of rural laborers who live in the utmost poverty. Attempts to subdivide these great estates and to distribute the land in small holdings to the laborers encounter serious obstacles. Many of these estates are owned by foreigners, who promptly protest to their own governments. A greater difficulty is that the workers themselves are not competent to manage and cultivate independent farms.

All reform movements in Mexico are hampered by the fact that her capital comes mostly from abroad. Conservative estimates make the share of the national wealth owned by Americans forty per cent, and that owned by other foreigners — principally British and French — twenty-five per cent. The petroleum question, although the most important and irritating problem arising out of foreign ownership, is only part of this larger issue. Unlike other mineral wealth, oil was regarded until 1917 as belonging to the surface owner and not to the nation. The new Constitution adopted that year placed petroleum in this respect in the same position as gold, silver, and other metals. It was provided that fifty-year concessions should be granted to the present owners of petroleum lands in place of their existing fee-simple titles. The controversy arising out of this issue has aggravated relations between Mexico and the United States. . . .

Although oil has been known to exist in Mexico since the time of the Aztecs and was employed by the Indians under the name *chapopote*, the first producing wells were brought in less than twenty years ago. All the important fields were discovered, explored, and developed by aliens, and to-day considerably more than ninety per cent of the output is in British and American hands. This situation began to worry Mexican statesmen immediately after Diaz was overthrown, and the Constitution which nationalizes Mexico's oil resources was adopted in 1917. Yet so little attention was paid to this measure that seventy-seven per cent of the foreign capital now employed in the industry has been invested since that date. The output, which was less than fifty million barrels when the Carranza Constitution was drafted, reached one hundred and eighty-five million barrels five years later. Those

were the golden days of the oil regions. Tampico grew rapidly from a quiet little port to a bustling city of more than one hundred thousand people. Money was abundant and business was booming. But this prosperity had a sudden end. Salt water penetrated some of the biggest wells, and others ran dry, and by 1926 production had fallen to ninety million barrels, or less than one half of what it had been four years before.

It was in the midst of this depression, late in 1925, that the Calles Government laid before Congress a bill to enforce the Constitution of 1917. Immediately the great petroleum companies took up arms against this measure. Washington came to their support, and tension between the two governments reached the danger point. But this chanced to be a period of oil overproduction throughout the world, and the great companies, controlled as they were by men who had large petroleum interests elsewhere, were not seriously concerned over a temporary stoppage of their Mexican wells. But President Calles's Treasury immediately felt the pinch, for between 1922 and 1926 its receipts from oil taxes declined from forty-three million dollars to about eighteen million dollars. The authorities are not likely to seize the properties of the companies who refuse to register under the new law, partly because they do not want an actual break with Uncle Sam, and partly because there are no natives competent to take them over if they are nationalized. Therefore a compromise is in prospect, and the Supreme Court of Mexico will presumably annul the petroleum law as retroactive legislation.

Although Washington would doubtless like to see a more tractable man than President Calles in power, it hesitates to do anything to upset the present Government. For that Gov-

ernment, although bitterly attacked even at home, nevertheless represents the strongest and sanest force in that country. To overthrow it would precipitate new chaos more disastrous for foreign capital than any measures the present authorities may enforce. In comparison with the three problems just mentioned, the religious question is of secondary significance, although it looms large in all discussions of Mexican affairs abroad.

These four major issues are magnified by the fact that they are to-day, or promise to be in the near future, issues common to most of Latin America. The other Caribbean republics still have governments closely resembling that of Mexico in the days of Porfirio Diaz, which, in their eagerness to reap the advantages of their natural wealth, have opened their door to foreign investors, who are rapidly monopolizing their resources. Eventually a reaction will occur, which will plunge those nations into the same desperate straits in which Mexico finds herself to-day. . . .

Ever since Washington refused to recognize Maximilian as Emperor of Mexico, and caused his government to be overthrown, all the Caribbean countries, and some of those even farther to the south, have been dependent upon the United States. To-day at least a dozen of them, while technically enjoying absolute sovereignty, would be plunged into civil strife and anarchy were Washington to withdraw its recognition and permit the free shipment of arms into their territories. This kind of dependence has not been defined and recognized in international law. It is a dependence to which weak and disunited peoples are fatally doomed. It is a dependence, moreover, immeasurably advantageous to the United States, because it permits that country to enjoy all the profit and

privilege of a colonial Power without assuming colonial responsibilities.

Mexico is one of the countries which occupy this dependent status. In spite of grandiloquent speeches, pretentious national monuments, and patriotic protestations, every clear-sighted man in Mexico knows what would happen were Washington to withdraw its recognition. Arms and ammunition would be smuggled across the border, revolt would lift its head everywhere, civil war would rage, chaos would spread, and organized government would collapse in anarchy.

It may seem surprising, under these conditions, that Calles should dare to pursue a policy which brings him into constant conflict with the Union. His slogan, 'Mexico for the Mexicans,' is itself a challenge to the Yankees and other foreigners who own more than one half of the national wealth. Yet Washington stays its hand. Why?

While it is perfectly true that the United States could overthrow the present Government of Mexico at will, it is equally certain that it could not set up a new government in its place without a war. National sentiment has grown very strong in Mexico during the last few years. An administration by the grace of Washington would be repudiated by the people to a man. Such a government would be highly capitalistic, and would encounter the bitter opposition of the working classes. How unpopular any appeal for American assistance is has been strikingly shown by the discredit that befell the Clericals as soon as they were suspected of instigating Catholic propaganda against Calles north of the border. The taunt 'Church and Gringo' paralyzed popular resistance to Calles's anti-clerical campaign.

Another powerful guaranty against Yankee intervention is America's financial interest in the country. People do

not set afire a house upon which they hold a mortgage. As long as American citizens own mines in Mexico to the value of four hundred million dollars, oil fields worth almost an equal sum, and ranching properties, railways, and public bonds, their Government is not likely to plunge that country into chaos. When we consider, furthermore, that Mexico buys one sixth of all the goods the United States exports to Latin America, we discover how powerful the forces are that deter the hand of Washington.

Middle courses, however, are sometimes the most difficult to follow.

Eventually the United States will be compelled to choose between letting Mexico go her way without constant intermeddling, or imposing its will upon her by force, as Europe has upon other backward nations. That will be a hard decision to make. The traditions of the United States are antagonistic to outright imperialism. Calles knows this perfectly well. He is therefore playing a daring but not a reckless hand, in the hope of vindicating step by step the absolute independence of his country and making it a levee against the southward-sweeping Anglo-Saxon flood.

## ANTICIPATING ECONOMIC CYCLES<sup>1</sup>

BY MARIO ALBERTI

ITALY'S Charter of Labor contains this interesting Article: 'The effects of industrial and financial crises should be borne equally by all producers. Statistics collected by government bureaus, by the Central Statistical Institute, and by authorized trade and labor organizations relating to business and labor conditions, the money market, and the cost and standard of living, after being coördinated and elaborated by the Ministry of Corporations, will furnish guides for reconciling the interests of different groups and classes of producers, and for reconciling their collective interests with the superior interests of production itself.'

This Article formulates clearly the general principle enforced by Fascism — that the interest of the nation tran-

scends the interest of any individual or group of individuals. It is logical, therefore, that the Charter should assign to the Government the task of anticipating and alleviating economic crises with the aid of the economic and statistical laws recently developed.

It was only very shortly before the war that scientists began to apply modern methods of research to the study of economic cycles, and thus opened up the prospect that these might be mitigated or avoided by governmental action. Private statistical inquiries in America and in England, the best known of which were Babson's *Business Barometer* and the British *Business Prospects Yearbook*, pioneered the way in this direction. Parliamentary commissions in England, France, and Belgium recommended measures for avoiding de-

<sup>1</sup> From *La Tribuna* (Rome pro-Fascist daily), April 27