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Mexico and Foreign Capital

By Louis C. Fraina

AMERICAN interests in Mexico, having miserably failed to compel armed intervention by the United States, are now trying a new tack to cheat the Revolution. They are seeking to force a compromise in Mexico and the election of a neuter as president,—a situation which would provide ample opportunity for intrigues to restore the old regime.

As if at the command of a conjurer, the American press recently began to teem with the news of "dreadful conditions in Mexico," "mass starvation," and "the helplessness and hopelessness of the civilian population in the clutch of organized outlawry." Sorrow and pity were the universal notes. The N. Y. *Times* wept over "the saddest hour of Mexico's history"; while the N. Y. *Evening Post*, hitherto largely sound on the Mexican situation, urged the administration to adopt strong measures. General Huerta tried to cross into Mexico and was arrested by the American authorities. Rumors of a counter-revolution assumed a threatening aspect.

The change in the attitude of President Wilson was interpreted ominously. His proclamation of June 2nd was mandatory and incisive, a command to the warring factions to make peace "within a very short time." His new position was a complete reversal of his former one, admirably expressed in his Indianapolis speech six months ago:

"It is none of my business, and it is none of yours, how long the Mexicans take in choosing their government. It is none of my business, and it is none of yours, how they go about it. The country is theirs. The government is theirs. The liberty, if they can get it, is theirs. And, so far as my influence goes, while I am president nobody shall interfere with them."

The president was urged to compel a compromise and to recognize as provisional president of Mexico a man affiliated with neither faction—a demand of the American interests identical with that of the *emigres* itching to secure power again. At one moment it appeared as if the president would yield; but that danger seems past.

What was at the bottom of the attitude of American interests? Conditions in Mexico are not materially worse to-day than they were six months ago. The military situation steadily favors the government of Carranza. There *is* a movement toward the only sort of settlement which can bring beneficial peace to Mexico—the settlement of arms giving victory to the strongest, most democratic and national of the contending groups. At first sight, this should strengthen, not weaken, the policy of non-intervention. Considered more closely, the impending triumph of Carranza is a menace to American interests, *which fear Carranza and his programme of national sovereignty in politics and industry for the Mexican people.*

Those who demand a compromise in Mexico assume that the Civil War is purely factional. Not at

all; the issue between Carranza and Villa is in its way as fundamental as the issue between Huerta and the Revolution. These are the two salient facts:

1. The Villa-Zapata group represents the interests of the peons, is solely and exclusively interested in the solution of the land question. Its programme would mean the development of an independent class of small farmers—the indispensable historical basis of Capitalism. At previous epochs and in other countries this was sufficient to develop national independence and insure normal economic growth. In Mexico to-day this is insufficient because of the clutch of foreign capital upon its industrial resources. *An independent farmers' class cannot maintain political and industrial sovereignty while international finance controls the capitalistic forces.* In previous revolutions against Feudalism, the destruction of the old regime and the creation of a farmers' class were the dominant factors. In Mexico to-day the Revolution cannot accomplish its historic mission unless it simultaneously secures national control of the capitalistic forces. Just as the Diaz regime combined the worst evils of Feudalism and Capitalism, so the Mexican Revolution combines in its task two epochs of the historic process.

2. Carranza recognizes the indispensable character of the division of the land, but simultaneously recognizes the tremendous, decisive importance of the new requirements. His economic programme includes the destruction or at least control of foreign capital in Mexico. The fundamental problem is the creation of an economic class strong enough not alone to rule and maintain order, *but to protect the industrial and political sovereignty of the Mexican people.* This means the development of national Capitalism, a national bourgeois class which shall establish industrial and political autonomy, bourgeois institutions and bourgeois democracy. Carranza's programme admirably meets these requirements. That part dealing with the general historical requirements is summarized as follows:

"Laws establishing an equitable system of land taxes.

"Laws that will better the condition of the people, of wage workers, of miners and of the proletarian class in general.

"Laws providing for municipal autonomy (already promulgated).

"Laws attacking our land problem which will tend toward the formation of small farms; measures legalizing divorce (already promulgated).

"Laws establishing the true independence of the judicial power and by strict responsibility of public functionaries.

"Laws reforming the existing electoral system in order to procure effective suffrage for all.

"Laws reorganizing the army upon a new basis and all such other laws of a political character that may insure a proper observance of the constitution, as the government under my charge has already decreed under date of December 12 last."

That part of Carranza's programme which strikes at the power of foreign capital is as follows:

"Laws regarding the exploitation of mines, waters, forests, oil and other natural resources in such a manner as to destroy the monopolies created by the old regime and to prevent the formation of others.

"Laws guaranteeing the liberty of trade in agriculture and industrial centers (already promulgated)."

In a country capitalistically developed, the investments of foreign capital are beneficial, not dangerous; in a country like Mexico, in transition from Feudalism to Capitalism, without an organic national Capitalism of its own, the investments of foreign capital are a menace to economic autonomy and ultimately leads to foreign political domination.

Foreign capital in Mexico owns 86% of railway capital, 70% of banking capital, 96% of the mines, and 90% of government loans. The country is mortgaged to the foreigner, who is not at all interested in steady, normal development, but in get-rick-quick investments.

When Carranza initiated his revolution against Huerta, he refused the offers of foreign capital to finance his movement, depending instead solely upon the resources of Mexico itself. This was his first blow at the power of foreign capital. And Carranza's action developed the industrial and financial initiative of the Mexican people, created a civil administration, organized the nation and its new government in the midst of revolution itself.

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