

KEY TO MEXICO'S POLITICAL MAZE

By BERTRAM D. WOLFE

FOR internal support every candidate for the Mexican presidency since 1910 has had to choose between popular peasant-worker support, and that of the landowners and their ideological apparatus, the Catholic clergy. The peasants are the most numerous class in Mexico, but large sections of them still follow the leadership of the landowners and the church. The working class elements are so immature and lacking in independent organization and consciousness that they do not form an important separate force. Thus the two camps, the popular and the landowner-clerical, are nearly equal in balance and strength. What the landowners lack in numbers they make up with their economic power, which enables them to put large numbers of armed and mounted men in the field. This deadlock of class forces makes the government military-bureaucratic apparatus relatively independent of class control and capable of developing and fostering vested interests of its own. The opposing pulls of the radical peasants and workers on the one hand, and the backward landowner-church peasant combination on the other, are so nearly equal that the government is always in unstable equilibrium and easily upset by some shift of support or the pressure of some outside force. Such an outside force, pressing constantly upon it, is that of foreign capital.

The World War prepared the basis for a more stable regime by ending the mutual counter-pulls of British and American interests. There was a definite growth in the influence of the United States in Mexico and a definite recession of the power of England. At this juncture Obregon, who made himself president by a coup d'etat in 1920, struck out boldly on the basis of what seemed to him the strongest combination of forces: the peasant-worker bloc as the internal, and American capital as the external support of his regime. A circus performer riding bareback on two horses at once has an easy time in comparison; for Obregon's two high-spirited horses were not trained to run together!

He would have to make solid concessions to American capital without alienating the nationalist-minded, anti-imperialist masses; make concessions to the masses without alienating suspicious, conservative American capital. He would have to contrive to blow hot and cold, if not in a single breath, at least in successive ones. Only a man of audacious vision would have attempted it: only a major statesman could have gotten away with it.

The Obregon Pattern

Obregon soon discovered a rough mathematical formula for his pattern: the masses could generally

be kept contented with a maximum of radical phrases and gestures and a minimum of actual deeds; on the other hand the hard-boiled financiers were not too exigent as to phraseology but fearfully exacting as to actions.

How to convince American interests made jittery by Russian Bolshevism that his revolutionary phrases should not be taken too literally, that he must have free play for demagoguery if he was to remain in power at all? How to convince the masses that his government was really revolutionary; that if it tried to go farther or faster there would be American intervention? How to measure out the crumblike concessions that would keep the regime from getting unpopular, and yet surround each tiny crumb with a shining ruby mist of socialistic phraseology so that few would perceive how little was the crumb after all? How to keep the partially awakened masses, stirred by a decade of civil strife, under sure and subtle control? These were no minor problems of statecraft. They were brilliantly and consciously solved by Obregon, and his methods of solution were consciously adopted and extended by the two succeeding bosses of Mexico, Calles and Cardenas. They are working better than ever today.

Therein lies the explanation of the constant tacking and veering of the Mexican ship of state: therein the missing background to reconcile the apparently contradictory policies and principles that have left observers so bewildered and helpless to make up their minds as to the nature of the Mexican regime. This explains why on one day Obregon nullifies the oil sections of Article Twenty-Seven of the Constitution, granting every demand to the American oil companies, and the next day makes one of the most radical pronouncements as to governmental theory ever heard outside of the Soviet Union; why with one hand (figuratively of course, for he lost his left arm in a battle against Villa at Celaya) he gives land in homeopathic doses to the peasants, and with the other gives away the land as a whole to oil and mining companies; why one decree deports the papal delegate as a "pernicious foreigner" and the next expels a foreign-born leader of the Mexican Communist Party on a similar charge; why the government assures the victory of a strike in which neither American interests nor those of the native governing group are involved, and smashes the next strike which happens to be directed against American interests; why the very administration which institutes "Socialist" education can also devise secret plans for military cooperation with its imperialist overlord, the United States, in the next war.

The House of Morgan Steps In

The Obregon revolt occurred in April 1920; yet the leading article in the May number of *The Americas*, published by the National City Bank of New York, declared:

"Now that events in Mexico are moving towards final settlement, there is every reason to believe that the plans repeatedly made and postponed may be put into execution, and trade relations established between the business men of this country and the merchants of Mexico that will be permanent and profitable to both groups. . . . In spite of troubles that may come during the next few months and outward appearances that make it appear that Mexico is merely keeping up its favorite pastime of revolution and civil war, there is sound reason for believing that construc-

tive influences are at work and that a happier and more prosperous epoch is nearly at hand." The National City Bank is not given to empty optimistic prediction in such matters. . . .

Yet there were a number of minor obstacles in the way of the new course and Obregon spent much of his four years removing them. Chief of these were the pressure of accumulated and more than justified anti-United States sentiment in Mexico on the one hand, and the pinheadedness of the American state department and diplomatic apparatus on the other. Ambassadors like Lane Wilson and Fletcher and Sheffield and pedantic and unrealistic Secretaries of State like Hughes and Kellogg were frightened into epileptic fits by the radical phrases so lightly uttered and more lightly taken in Mexican political circles. Hughes would not hear of face-saving and radical phrase-saving in Mexico. He wanted Obregon openly to sign away Mexico's sovereignty and publicly abjure radicalism as a condition of recognition; whereas the latter was proffering a tacit engagement to nullify the land and oil provisions of the Constitution simultaneously with or immediately after recognition. More than that, he was offering an administration that could deliver what it promised, thanks to the retention of popular support.

At last the American bankers, disgusted with the needless delay and pedantic quarrels about abstract formulae, simply thrust the diplomatic messenger and office boys aside and Thomas W. Lamont, Morgan partner, stepped into the situation in person. The effect was magical.

The Real Issues

Obregon and Lamont were men

who could understand each other. So, at a later stage in the same development, were Calles and Morrow. The Bankers' Committee which Lamont represented knew exactly what it was after and had the good sense to know that they must leave the Mexican government in a position to deliver it without being overthrown by popular indignation. They wanted Mexico to settle the claims of American enterprises damaged during the years of revolution. They wanted the railways returned to private control on the basis of a guaranteed dividend yield. They wanted the existing government to recognize the loans made by Diaz, even those contracted after revolution had broken out against him. They wanted recognition of the loans made to Huerta. They wanted all loans consolidated, funded, guaranteed by some sure source of government income, and provisions made for the resumption of interest payments. They wanted the cancellation of the oil provisions of Article Twenty-Seven of the Constitution.

But Lamont could see in an instant what phrase-frightened diplomats living in a rarefied atmosphere of abstractions and phrase-fetishism of their own making, seemed incapable of seeing in a decade: that it was useless to get a government of Mexico to yield openly and publicly on this issue, since any government frankly proposing to abolish Articles Twenty-Seven and One Hundred and Twenty-Three of the Constitution would not last long enough to make the first deliveries of the promised goods. The same hard-boiled economic realism that permitted financiers to back Mussolini in Italy, radical phrases and all, and subsequently Hitler in Germany, was ap-

plied by the clear-headed Lamont and his successor Morrow to Mexico. But Morrow's follow-up has been overpublicized and Lamont's pathfinding role scarcely noticed by American commentators.

The Bankers' Committee was formed in 1919, while Obregon was preparing his coup d'etat, while Ambassador Fletcher was compiling an inflammatory list of 217 Americans killed between 1911 and 1919, while Albert B. Fall, oil senator and chairman of a Senate subcommittee on Foreign Affairs was still recommending the use of military force to compel Mexico to change her Constitution or publicly exempt American interests from its operation.

In the late summer of 1921 Thomas W. Lamont, Chairman of the Bankers' Committee, went in person to Mexico on a trip "combining business and pleasure." (They have a tendency to overlap in a man like Lamont and in a land like Mexico.) There was a pleasant exchange of courtesies with President Obregon and his Secretary of the Treasury, Adolfo de la Huerta. Within a month thereafter, Mexico had assumed the Diaz and Huerta debts; had agreed to the installation of a new "American-model" banking system; had entered into a debt-finding, annual-payment - with-increasing-annuities arrangement similar to the Dawes-Young Plan; to the putting of the railroads on a paying basis by government subsidy, purchase of new rolling stock, slashing of wages and smashing of the railway unions; to the return of the railroads to private control under the management of a bondholders' committee headed by J. P. Morgan and Company; and to the settling of the oil dispute with a committee

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Agrarian Problems Of Catalonia

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lawyer Francesc Layret and was continued, after his execution under the dictatorship of Martinez Anido, by Luis Companys. It had for its immediate aim a reduction of ground rents and, as its final goal, access to the property of the farmers and peasants according to their slogan "the land belongs to the users." It was therefore an organization for the defense of peasant rights, without a really revolutionary character.

The dictatorship of Primo de Rivera brought its activity almost to a standstill, but it began to regain influence with the Republic of April, 1931. The Republic reduced the rate of ground rent to 4% of the fiscal value of the land. But keen disappointment awaited the rabassaires, for the authorities and the courts sabotaged this law by automatically favoring the proprietors every time a case was brought up.

No Aid from Republic

A compromise was made in September 1932 which was to serve as the forerunner for an agrarian law. The law hung fire in the midst of new conflicts. In 1933 a reduction in the ground rent was declared. In 1934 finally a rather weak preliminary law laid the basis for the stabilization of the situation of the rabassaires, allowed ownership to those who had worked a domain for 18 years and again decreed the reduction of rents to four percent. The proprietors were furious and began a campaign which obtained a repudiation of this law from the court of constitutional guarantees. Finally in 1934, a definitive law was promulgated, even more conservative than the preceding one.

Thruout this period, because of the personal influence of Luis Companys, the great majority of the Union of Rabassaires, remained under the influence of the Catalan Left Republicans. At this time it attained a membership of about 25,000.

The events of October made a clean sweep of those few hard won successes. The peasants whose ground rent had been cut were obliged to pay up the back installments, not only for the year 1934, but even for the preceding years. Those who were not able to pay were seized, evicted, thrown into prison. In 1935 the Madrid parliament voted a law favorable to the proprietors which was productive of mass evictions—more than 1,500 in Catalonia alone.

In face of the weakness of the Generalitat at the time of the October events, and weighed down with accumulated disappointments, the Union of Rabassaires little by little turned away from the Catalan Left Republicans and began to acquire a character of its own. In the February elections it presented two candidates (both of them were elected) within the framework of the Popular Front, upon this limited and clear cut platform: (1) Reenactment of the two agrarian laws of 1933 and 1934. (2) Restitution of damages suffered by evicted peasants, etc.

But the newly elected government of the Generalitat seemed to be in no hurry to satisfy these demands. On the eve of the 19th of July, the second point had become a dead letter. At the same time the revolutionary opposition was growing within the ranks of the organization. Since its Congress in May (1936) the Union of Rabassaires has unanimously proclaimed itself a class organization and has undertaken the formulation of a program with socialist tendencies. In the country impatience was mounting and in some places the peasants had spontaneously occupied the land.

The Revolution and Its Work

The July days therefore found the peasants ready for action. The response to the events in Barcelona was immediate. In all the villages the property of the reactionaries was confiscated; fascists,

priests and usurers were hunted out, imprisoned or executed. Where no peasant union existed, the Militia committees or Anti-fascist committees of the place took the affair into their hands. As for rents and dues, they were simply done away with. In a few days the place had been swept clean, ready for the work of organization and construction to begin. The Union of Rabassaires approves of these spontaneous actions and has raised slogans to this effect thruout Catalonia.

Less than a month later the eleven points of the Economic Council appeared, three of which were concerned with the organization of the countryside:

"Collectivization of the large agrarian properties, which will be exploited by the peasant unions with the help of the Generalitat and the compulsory union adherence of the producers exploiting small and medium sized properties."

It is obvious that we have here both the legalization of confiscation and a step forward toward the collective regime of tomorrow.

In regard to the application of this point, the Generalitat promulgated a decree a short time ago on "obligatory unionism," of which we will give an extract further on, aiming on the one hand at regrouping the peasants so as to carry on the collective acquisition of agricultural materials and, on the other, at the collective sale of the products of the entire village.

Besides this, the Union of Rabassaires and the various parties and organizations which aspire to win the support of the peasantry, are considering the means of dividing certain lands among the agricultural workers who would thus become small owners with the same rights as the freed farmers and rabassaires. This is only a question, as is easily seen, of the first measures. It now becomes a question of knowledge of peasant mentality which is still an unknown quantity.

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Key To Mexican Politics

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of oil executives.

"The attitude of the present Mexican government," said Lamont in a public statement on leaving the Mexican capital, "is satisfactory to American interests, indicating an intention to protect and encourage American interests in Mexico."

The Oil Conflict

A few days later directors of the Standard and various other oil companies went to Mexico. Less flexible than Lamont about certain details and handling a much more delicate subject, they nevertheless found a satisfactory formula: the "non-retroactivity of Article Twenty-Seven."

Virtually all of Mexico's petroleum wealth had been given away by Diaz prior to 1910. The revolution, in its anti-imperialist aspect, had been fought to cancel these concessions. Hence Article Twenty-Seven reads:

"All contracts and concessions made by former governments from and after the years 1876 which shall have resulted in the monopoly of lands, waters and natural resources of the Nation . . . are declared subject to revision. . ."

The intent was clear. The demands of the oil men modest. All they asked for was the "non-retroactivity" of Article Twenty-Seven, that concessions made prior to 1917 **should not be subject to revision!** A few days after the agreement was arrived at, the Mexican Supreme Court declared that Article Twenty-Seven could not be applied to rights acquired prior to May 1, 1917.

There was some further squabbling by hold-out oil men and the still uncomfortable State Department. But on August 31st, 1923, the Government of the United States and the Government of Mexico exchanged mutual declarations of recognition on the terms originally arranged by Lamont and Obregon. Thereby the anti-imperialist or nationalist revolution was liquidated and American interests became more completely dominant than they had ever been under Diaz.

Endowed by nature with the richest subsoil for its area of any country in the world, Mexico's chief rival is the ex-Mexican portion of the United States. Now the oil and mineral companies of the Northern land dominated both sides of the line. Mexico's oil, minerals, railroads, banking, an indebtedness several times the size of Mexico's highest annual budget to date, and ninety percent of her import-export trade passed into the hands of United States capital: all the rest was a mere shadow and all subsequent assertions of sovereignty mere shadow-boxing. Mexico's fate was sealed as a semi-colonial land so long as the Obregon pattern should endure.

The agreement came none too soon. Less than a month after recognition was accorded, Secretary of the Treasury Adolfo de la Huerta handed in his resignation to the President. His purpose was to head an armed rebellion to block Obregon's plan to name Calles as his successor. De la Huerta himself aspired to the post. Behind him was a majority of the Chamber of Deputies, the dominant Cooperatista Party, a number of state governors and most of the leading generals in the army. For a while Obregon's plight looked desperate. But the Government of the United States acted with amazing energy to sustain the administration with which it had just made an agreement. It rushed to Obregon arms, ammunition, airplanes. He had no funds, so it opened a \$10,000,000 credit to pay its own munitions makers. Such action is unprecedented in the history of Mexican-American relations.

At the same time, the workers and peasants of Mexico rallied to Obregon's support in great numbers, more than offsetting the military defections. Between them, American capital and the Mexican masses turned the tide. The Obregon pattern was working. Both pillars were holding firm. The epoch of successful revolutions was over: the epoch of unsuccessful rebellions had set in.

(Next week's article will deal with the Mexican labor movement).