

Mr. Hughes Surprises Himself

By J. Ramirez

OFFICIALLY, recognition of Mexico came directly out of the report of the Warren-Payne mission to Mexico City; but the surest principle of modern diplomacy is that an official act is only formal notice that something entirely different has been perpetrated in secret. The actual American ambassadors in this case were not Warren and Payne, but Doheny, Teagle and Lamont. Officially of course, it was the Government of the United States that recognized Mexico. Actually, it was a collection of bankers and oil magnates. The Government merely set its Great Seal on a document already drawn up for it and signed "on the dotted line."

When the news of recognition was ready for the press, Secretary of State Hughes prepared an accompanying statement reviewing the various circumstances that had barred the way to a rapprochement between the two nations. The most remarkable thing about this statement was the total absence of any reference to murderous Mexican bandits. Yet the omission caused no surprise. All pretense of danger to American lives in Mexico had long since been dropped and it was frankly realized on all sides that the only differences at issue were business differences.

What is not so generally known in this country is that even these business differences were more or less on the surface insofar as they touched the present government of Mexico.

The great obstacle to the purpose of our American imperialists was gotten out of the way as far back as the spring of 1920. That was the petty bourgeois, nationalist government of Carranza, which, in the interests of a native Mexican capitalism, had stubbornly resisted the encroachments of Wall Street. It was the Carranza regime which established the present Mexican Constitution, with its famous Article 27, nationalizing the soil and sub-soil. The American financial interests and oil kings, landlords, mining magnates and railway owners set out deliberately to overthrow Carranza. Aided and abetted by the United States Government, they harassed him at every turn. Armed intervention was repeatedly threatened; legislators were corrupted; bandit marauders were supported with money and ammunition. Finally, through the innocent aid of disgruntled workers and peasants, the aim was achieved.

Obregon came into power announcing to all the world that foreign interests in Mexico were at last to be protected. Shortly before launching upon his movement against Carranza, he had made a tour of the United States, spending considerable time in the offices of New York financiers, where something more than a tacit understanding had been worked out. Stupid and sometimes inspired newspaper articles have confused the issue for us in this country, but the plain fact is that the Obregon revolution was a deliberate step away from all that was connected with "carrancismo" and toward a reconciliation with American imperialism. To a far greater extent than can be shown within the narrow limits of this article, the Obregon revolution was "made in Wall Street." It was the first step in the series of events

which has now culminated in the recognition of General Alvaro Obregon and his government.

But although the Americans who financed Obregon's "revolutionary" undertaking were capitalists, the Mexicans who fought in it were workers and peasants. The latter were dissatisfied with the Carranza regime for reasons quite different from those actuating the former. It was an alliance of coincidence, one of those strange phenomena that sometimes arise out of the conflicting facts of a situation and are made use of by an energetic charlatan such as the man who now occupies the presidential chair in Mexico. Well aware of the dual nature of his support, Obregon was obliged to feel his way with extreme caution at first. While his agent at Washington, General Salvador Alvarado, was reassuring American capitalists, don Alvaro himself was promising the Mexican masses to uphold articles 27 and 123 of the Constitution. To establish beyond a doubt his affinity with working class elements, he took the most prominent labor fakers, such as Morones and Salcedo, into his Government. Then, as time went by, he used these very people to combat the radical tendencies in the workers. It was only after his power was thoroughly consolidated that he began to show himself a true reactionary, breaking strikes, throwing workers into jail, suppressing radical meetings, deporting all foreigners active in the Communist and Syndicalist movements.

Obregon's staunchest aids in the drive against "the reds" were the so-called labor leaders drawing government pay checks. Now, however, these gentlemen are finding that they have undermined the very foundation of their incomes! Secure in the knowledge that he no longer needs them, the President calmly betrays the men who betrayed the Mexican proletariat to him, by kicking them out bag and baggage, amid the relieved applause of all the big capitalists. The final housecleaning of labor fakers began only a few weeks ago, with the dismissal of the understrapper, Roberto Haberman, who was forced to flee the capital to escape deportation. It has extended even to the great Luis N. Morones, millionaire labor leader, grand mogul of the Mexican Federation of Labor machine, renegade socialist and honored friend of Sam Gompers! Morones resigned his post "in order to avoid mistaken interpretations of his political activities."

One difficulty menacing Obregon's plans when he came to power was the intense nationalism of the Mexican people, with which was coupled a well-founded distrust of all American capitalists and their purposes. It was manifestly impossible for the new president to come to terms with the United States at once, particularly as the American Government was acting as the unashamed agent of Wall Street, openly demanding that Mexico set aside her Constitution—a Constitution which was based on the principle of "Mexico for the Mexicans," and which Obregon had sworn to defend. The big business interests in this country, whose fingers fairly itched to feel the wealth of Mexico in their grasp, refused to allow the new regime sufficient time to manipulate itself into a favorable situation to sell out to



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them. Dominating completely the policy of the Wilson Administration, they caused Secretary of State Colby to take a step unparalleled in the history of international diplomacy—to refuse to recognize the Mexican Government unless it should first sign a treaty acknowledging the rights of American capital. This was too crude. It amounted to an abdication of Mexican sovereignty, and Obregon's instinct warned him that he dare not sign it.

The change of administrations in the United States brought no important change in the attitude toward Mexico. Charles Evans Hughes took office as Secretary of State, a conscious instrument of the sinister interests he had formerly served in the capacity of corporation lawyer. He lost no time in reiterating Colby's declaration that Mexico would not be recognized without a previous treaty of "amity and commerce."

Naturally, Obregon strongly desired to obtain the recognition of the United States Government—and, as has been indicated, he was not at all averse to co-operating with the American capitalists. He sent four successive agents to this country to assure these capitalists that he would carry out his earlier understanding with them. He promised to pay the claims for damages to property during Mexico's ten years of revolution. He openly proclaimed that Article 27 of the Mexican Constitution would be considered non-retroactive and would, therefore, not apply to the lands held by the big oil and mining interests. Article 123, which provided for workmen's compensation and other working class privileges, he allowed to become inoperative. He broke strikes and persecuted radicals. He offered special inducements to foreign capitalists. He first granted a delay, and then a reduction, in the payment of oil export taxes.

And still Hughes held fast to his formula "No recogni-

tion without the treaty." This intransigence bewildered Obregon for a time, until he realized that he had not yet given all that the American capitalists wanted. But to sign the treaty was now out of the question. He had assured the Mexican people so many times that he would not do it, that his personal pride had become definitely involved. So he resolved to deal no more with Hughes but to come to private agreements with the real bosses in America.

First a conference was arranged with the oil magnates, and the presidents of five big companies made the trip to Mexico: Walter O. Teagle of Standard Oil, Edward L. Doheny, Harry F. Sinclair, J. W. Van Dyke and Amos L. Beatty, representing between them no less than a billion and a quarter dollars wrung from the toil of American workers. The results of this conference were not made public at the time, but they turned out to be vastly agreeable to the oil kings. After this, there was a steady stream of prominent Americans to Mexico—all capitalists, seeking plunder. The list included Judge Gary, Samuel Vauclain of the Baldwin Locomotive Works, William Randolph Hearst, Harry Chandler, several representatives of the Guggenheims, former ambassador Gerard—and last but not least Thomas W. Lamont, member of the firm of J. P. Morgan & Co., who made the trip as the envoy of the International Committee of Bankers of Mexico, an organization formed in February, 1919, for the purpose of "protecting the holders of securities of the Mexican Republic and of the various railway systems of Mexico, and of such other enterprises as have their field of action in Mexico."

Lamont arrived in Mexico City in October, 1921, and went at once to the American Embassy. George T. Summerlin, American Charge d'Affairs in Mexico, personally presented him to President Obregon.

The conferences in Mexico were only preliminary. They established a basis of negotiations and, incidentally, served to prepare the Mexican people for what was to come. In the spring of 1922 Obregon sent Finance Minister Adolfo de la Huerta to New York to arrange with the bankers and oil men the final terms for recognition of Mexico by the United States Government. De la Huerta met with the all-powerful members of the International Committee of Bankers and after a series of conferences an agreement was drawn up and signed.

The known terms of the agreement provided that Mexico would set aside annually for payment of interest on the national debt: (1) the entire proceeds of the oil export tax; (2) ten per cent of the gross revenues of the National Railways of Mexico; (3) the entire net operating revenue of these railways. It was further provided that the Mexican Government would return the National Railways to private management and to the control of a board of directors agreed upon by the committee.

Last but not least, the National Bank of Mexico was to be rejuvenated, with a big block of stock in the hands of J. P. Morgan & Co., Kuhn, Loeb & Co. and Speyer & Co. Thus the big American banking interests not only assured themselves a tidy profit but they established themselves as the dominant factor in Mexico's financial system. While it is true that, according to the plans made public, fifty-one per cent of the stock of the National Bank will be retained by the Mexican Government, every student of international finance knows that, particularly in the case

of a country like Mexico, the government's private partner is the government's private boss.

When, in addition to their holdings in the reorganized National Bank of Mexico, we take into consideration the supervisory powers granted to the bankers in connection with the resumption of interest payments on the national debt, it becomes obvious that from now on Mexico's finances are to be run directly from Wall Street.

De la Huerta next got into session with the oil men. An agreement was soon reached, "guaranteeing safety in future exploitation by American oil companies in Mexico." Shortly afterward, President Obregon issued a decree in Mexico granting extensive privileges to the Standard Oil, Doheny and other big oil companies.

In reporting the agreement, the Chicago Journal of Commerce remarked:

"On this basis it is safe to predict that recognition of Mexico is not far distant."

The Wall Street Journal bid Finance Minister de la Huerta farewell assuring him that "the ratification of the agreements reached with the bankers and oil men will bring President Obregon immediate recognition."

The New York Commercial declared that de la Huerta's visit had provided a solution which would "make it possible to eliminate the treaty of amnesty proposed by Secretary Hughes."

Thus, Obregon had contrived to give in to all the economic demands of American imperialism while politically he appeared to be standing his ground against Hughes. A real test of strength had developed between these two men. Originally there was no more than a mock conflict, with each side confidently expecting a reconciliation. But by this time Hughes had so identified himself with the proposition that Mexico must sign a treaty, and Obregon had become so definitely committed to the opposition, that each began to look on the other as a stubborn, nagging enemy. Side by side with the economic issues involved, there grew up a personal struggle between the Mexican President and the American Secretary of State,—in the final outcome of which the dignified and bewhiskered Hughes cut a sorry figure indeed.

The triumph was with Obregon. Hughes, so wrapped up in legal absurdities that he had an exaggerated idea of his own importance as Secretary of State, had actually begun to look upon himself as the maker of American foreign policy. Someone else had evolved the formula: "No recognition without a treaty," but he had made it his own. Less realistic than Obregon, he could not see that the negotiations with the bankers and oil men had altered the entire situation. He somehow identified the triumph of the American capitalists with his own triumph and was unable to imagine that they would not insist on the fulfilment of the demand which they had caused him to take up. Ludicrous as it may seem, the Secretary of State was the last man to appreciate what was taking place between the United States and Mexico. When, in May of this year, it was announced that J. P. Morgan & Co. had undertaken to finance a new Mexican loan, everybody except Charles E. Hughes knew

at once that this meant Mexico was to be recognized.

Hughes kept mouthing his formula. One day the Secretary of State was given his cue. Capitalism was satisfied. Mexico was to be recognized forthwith. Then it was that Hughes saw that a surprise was in store for him. And he himself was going to administer the surprise. Despite his months of talking, he was going to recognize Obregon in the name of the Government of the United States—and there wasn't going to be any treaty. To save his face, he sent Warren and Payne to Mexico "to work out a basis for recognition," but nothing of the sort was worked out. The agreement which they negotiated was totally lacking in importance. It contained no single proposition that had not previously been conceded.

Mexico has been recognized—but not for Mexico's good. With greater and greater quantities of American capital pouring into the country below the Rio Grande, we may be sure that Wall Street will try to rule Mexico politically as well as economically. Mexican workers will be exploited more intensely than ever before. The law will be turned against them and their Constitutional privileges will be annihilated. Mexico has been recognized and the revolution is at an end! Already a new movement is arising in its place.



A Beggar in Vienna.