

## ECONOMICS, TRADE, AND FINANCE

### MEXICO: A BRITISH VIEW

SOME time ago, describing the condition of Mexico, we said that unless her government succeeded in maintaining order to the extent she had failed to do in the recent past serious trouble was brewing for the Republic. Various reports are current of the murder of American citizens and British subjects, and the United States Government and our own are naturally demanding that full inquiries should be made regarding the truth of these reports, and if they prove to be true, the Mexican Government will be held responsible for failing to protect the lives of foreigners resident in its territory. Practically, there is not, and has not been for some years now, an effective government in Mexico. General Villa is very little better than a bandit, and exercises his authority over only a comparatively small area in the north-west of the Republic. President Carranza has really no effective control over the greater part of Mexico, although he affects to exercise jurisdiction over the greater part of the Republic. Until quite recently both Carranza and Villa, although they levied blackmail on the property of foreigners, derived their revenue from exploiting the railways and the mining enterprises, which for the most part are foreign owned. So far as the railways are concerned, Carranza in particular has derived the enormous revenue he enjoys from seizing the earnings of the lines, which are worked for the benefit of his government; but he pays nothing to the stockholders who own these lines. Both he and Villa have paid more respect to the rights of the mine

owners, otherwise the mines would not be worked at all, as neither of them has at his command competent engineers capable of working them. Above all, both Carranza and Villa have had the sense up to the present to respect at least the lives of foreigners; but apparently, the situation appears to have got beyond the control of both these chiefs. Carranza's position was difficult enough while Villa confined his activities to the western mountains; but since he has become more aggressive, during last winter, and in the spring of the present year, and particularly since he destroyed part of the main line from Mexico City, the president appears to have lost whatever little control he had over the greater part of Mexican territory.

Of course, the position, both of President Carranza and of General Villa, is exceedingly difficult, and unless Carranza could succeed in defeating Villa the difficulties which have apparently come about were inevitable. There is no proper government, and consequently no regular industry can be carried on in the Republic. A country between three and four times the size of France, with one of the finest climates in the world, and capable of growing everything, from European cereals to the rich products of the tropics, and with a highly fertile soil, is constantly on the verge of famine. Practically, the government, such as it is, lives by the robbery of foreigners. There is no constitution that is respected by anybody; no regular taxes are or can be levied; but the bandits of the two contending factions make raids from time to time, mainly on the property of foreigners,

to obtain the revenue they enjoy. Of course, Carranza is by far the stronger, as he controls the railways, robs them unmercifully, and derives, in addition, a large revenue from levying blackmail on the oilfields, which are partly British and partly American owned. So uncertain has been the position of the oilfields that for years now the United States Government has kept a warship, and sometimes more than one, in Tampico Bay, for the purpose of overawing the government, and in case of necessity of landing blue-jackets. In practice, however, this protection has been found to be only partially effective, and in reality a firm, acting as the agents of President Carranza, makes a regular practice of extorting something like a quarter of a million sterling every year from the petroleum mine owners, a large proportion of whom are British subjects. Fortunately, the oilfields are situated near to the Atlantic seaboard and in close proximity to Tampico Bay; otherwise it is exceedingly doubtful if it would be possible to work these fields at all in the state of general chaos which has prevailed during recent years in Mexico. The silver mines are situated, for the most part, in the interior, and they are worked under even greater difficulties than those under which the oilfields are operated. It will naturally be inferred that to obtain mining machinery, which all has to be imported, is a problem of the greatest difficulty to the various mining engineers in charge of the different mines. The working of many mines has had, in fact, to be abandoned, because a railway has been torn up or a road has become impassable owing to the military operations of the two contending factions. Incidents like these, however, are merely the beginning of the problem of those responsible for working the mines in a country in

the present condition of Mexico. Even if the mines were working fairly effectively, the engineer in charge never knows when he may expect a visit from some band of marauders, usually acting, or affecting to act, in the interest of the general who for the moment exercises authority in the district where the mine is situated. Villa's lieutenant may come one week and demand some arbitrary sum, and if it is not paid at once the mine manager is carried off to the bandit's stronghold in the mountains. No sooner has the mine manager got back, and, having collected his work-people together, once more started to work his mine, than fresh demands are made upon him by the myrmidons of Carranza.

Under the old régime of the late President Diaz, Mexico was a country of vast estates, and in a sense is so still. It will, however, readily be appreciated that if the various factions who have ruled Mexico, or part of Mexico, during the past eight years practised such exactions as we have described upon the railway companies, the oilfields, and the mining companies, virtually all owned by foreigners, they did not spare the native landowner who was in a position to contribute anything to their various war chests. In fact, they have virtually cleared out these people altogether. The really great landowners, who had in the past accumulated resources which they were able to invest abroad, have for the most part left the country, and are generally residing either in Europe or in the United States. They are, of course, waiting for better times, when they hope at some future date to be able to return to their native land and resume possession of their several properties. Meanwhile, these properties remain uncultivated and are going to rack and ruin. Carranza, Villa, or some other marauder has impressed

most of the young and able-bodied peons on these estates for the purpose of recruiting their armies. These marauders have of course seized the horses and anything portable likely to be useful still remaining on the estates. For the cultivation of these estates only the old and infirm or the very young remain. Without capital, with only the most primitive implements, and with no inducement to engage in tillage upon any effective scale, if they did succeed in raising a valuable crop a large proportion of it would be seized by one of the marauders. Consequently, Carranza and Villa have very little option except to prey upon the three important sources of revenue which we have already described. Failing to establish any form of settled government, and raising an adequate revenue from native sources, which the natural resources of the country would readily admit, they have naturally killed the goose which lays the golden egg, and they are now threatened with the consequences of their past misdeeds.

In order to appreciate the causes which have brought about the present state of chaos in Mexico, both politically and economically, it is essential that one should understand the history of Mexico as it has come down to us. Imperfectly, it is true, we have in fragmentary form a long history of Mexico, coming down, with appreciable breaks, from about the third century of the Christian era. Apparently the most civilized of the native peoples was not the dominant race which Cortes conquered in the interests of the Spanish Crown. In the remote past there was a people in the province of Yucatan whose remains and monuments appear to indicate a higher degree of civilization than Mexico has since attained. They do not appear at any time to have spread over

any considerable part of what we now call Mexico. However highly civilized in the sense of practising the industrial arts they may have been, their military organization appears to have been wholly defective. They appear to have been succeeded by a people wholly inferior to them in everything except the development of their military polity. This is, of course, by no means an unusual incident in history. We have seen it so recently as in the late war, where practically the whole civilized world had to band itself together in order to break the military policy of Prussia. Various races succeeded one another in Mexico, and although the Aztecs were the dominant race when Cortes landed in the dawning years of the sixteenth century, they exercised a very ineffective control over the various tribes who at that time composed the population of Mexico. The bulk of Cortes' army was recruited from an Atlantic coast tribe which at the moment was in rebellion against the central authority of Mexico City. If the Spaniards had had the true instincts of government, as the Normans had, for example, in England, they entered Mexico under circumstances of great advantage. Something like a dozen different tribes, different in race, different in creeds, and bitterly hostile to one another, composed the population of Mexico, under the nominal sovereignty of the central government, which, as already said, was never really effective. The Spaniards' notion of government was to turn the natives into slaves for the purpose of obtaining as much gold and silver as possible from Mexico. In the sequel Spanish rule impoverished Mexico and reduced its population, rather than assisted the economic development of the country.

When the Spaniards were driven out the Mexicans to a large extent reverted to the position they had occupied,

although with inferior economic resources, at the beginning of the Spanish Colonial period. The form of government adopted was a copy of that of the United States, which in the sequel has proved wholly unsuited to the requirements of Mexico. Practically the only periods of tranquillity Mexico has enjoyed since the establishment of the Republic have been periods when the country was wholly in the hand of a despot. The disadvantage of such a form of government is that the country reverts to chaos when the controlling hand of the despot is removed.

The Statist

### GREAT BRITAIN'S INDUSTRIAL DECADENCE: AN EMPLOYER'S OPINION

THE industrial and commercial pre-eminence of Great Britain has been, in truth, a goodly heritage. But for it the doctrine of force, that savage principle of crude materialism, would to-day be masquerading throughout Europe in the guise of civilizing culture. Nothing can gainsay the fact that Great Britain's dominating position in commerce and in industry was the solid rock foundation on which was based the great and victorious national effort of self-sacrifice that has carried us triumphantly through the war.

If our industrial and commercial power and all that flows from it, have, during the recent war, rendered services to civilization beyond recompense, so also in past years has it done to us as a nation. Let us not decry our national standards. That is an occupation far too congenial to many. Our standards of life, thanks entirely to our financial power, would proudly stand comparison with those of other countries. That is not to say they are incapable of improvement.

In many respects before the war

improvement was long overdue. Now, impoverished as we are, the possibility of improvement, assuming the will, depends entirely upon the replenishment of our financial resources. That, in turn, wholly depends upon our industrial energy and production. This plain truth seems entirely disregarded by employers and employed, by the community, by the government especially, whose lavish expenditure almost betokens some secret supply of national wealth, dropping daily like manna from the heavens, in its abundancy proportioned to political exigency.

Our industrial progressiveness, with all its vast potentialities under an enlightened outlook for ameliorating the lot in life of the industrious worker, at the moment has ceased. Retrogression has set in strongly. Whether temporarily or permanently, — it is most earnestly to be hoped, the former, — British industry is degenerating into decadence. That is being publicly proclaimed by our trade competitors. Our commercial attainments of a hundred years can under the present mobile conditions of foreign markets be sacrificed irretrievably in a twelvemonth. Yet, so far as can be seen, we are fast drifting into that calamitous position with full realization of all its dire national results through pure lack of foresight, policy, and leadership on the part of employers, trade unions, and the government, and with apparent acquiescence by the public.

That the government has no industrial policy is plain. It seems to imagine, in its incursions into industry, that it is dealing with disciplined, enlightened, and homogeneous bodies of employers and workmen which accept as gospel or command the dictum, advice, or directions of cabinet ministers. But no government can compel a free citizen to work at all, still less to work of his best. Some men