PSF Mexico 1938

PSF Mexico

Daniels

February 1, 1938.

Dear Chief:-

You have raised a nice question for the career men in the State Department to answer. How could you expect mere politicians like Cordell and myself to prepare a reply?

However, if I were in your place I would tell your Milwaukee friend, first, that if Milwaukee is to maintain its national reputation, it should stick to beer and not go in for hard liquor. Secondly, that you would get him the information about those Mexican drinks if you could but that not claiming to be an expert on cocktails you might send him the wrong directions and that this would be a disgrace you do not want to subject the Embassy to. A third undiplomatic reply might work equally well: "Come to Mexico and try the dirty stuff yourself."

As ever yours,

Honorable Josephus Daniels,
American Embassy,
Mexico, D. F.

PSF Mexico

México, January 25, 1938.

PERSONAL.

Dear Franklin:

I am enclosing you a copy of a letter I am writing Cordell Hull today, making inquiry as to the duty of a diplomat in regard to a new service requested of an Ambassador. As you are not as staunch a prohibitionist (if propinquity makes the difference) as Cordell or myself, he may be asking your advice before making an official ruling. Should Milwaukee citizens continue to drink the stuff that made Milwaukee famous, or should I encourage the use of ardent spirits by importing the recipe for a Mexican beverage?

If neither you nor Cordell feel capable of an answer, please ring for Solomon. I await instructions.

Respectfully,

Josephus Daniels

The President,

The White House,

Washington, D. C.

PERSONAL

Mexico, January 25, 1938

Dear Cordell Hull:

Yesterday I received a letter, from Milwaukee of course, seeking information and help in a direction which runs against my life-long principles and your temperance speech in the Chicago Convention. It was as follows:

> The undersigned wishes to acquaint himself with the characteristics, and the ingredients if possible, of three very fine cocktails which are in use in Mexico.
>
> 1. Cambari or cornferri.
> 2. Aberritol.
> 3. Casis.
>
> I understand these drinks are very popular in Mexico, and I am interested in introducing them here. Can you advise me as to their relative merits and whether the ingredients can be obtained in this country ?

As a life-long prohibitionist, it is against my principles to encourage the drink habit. How about my duties as a diplomat ? Of course I have heard that "a diplomat is a man sent abroad to lie for his country", but is it part of a diplomat's duty to introduce popular drinks to his countrymen?

I await instructions.

Faithfully yours,

JOSEPHUS DANIELS

The Honorable Cordell Hull,
Secretary of State,
Washington, D. C.

JD:KCT

PSF Mexico

Mexico

March 15, 1938.

Dear Chief:-

Will you give me some confidential (highly so) information which ought not, under any circumstanc leak out in Mexico? Here is the whole story:

I think Congress will adjourn by early Jun at least I hope so. I have no engagements after July eighth and will need a real holiday. I have three plans I am considering:

1. By cruiser to the Azores, Madeiras, Canaries and Cape Verde Islands and thence back through the West Indies -- 28 days.

2. Rail to San Francisco, then cruiser to Acapulco, then to the Galapagos Islands and back to Pensacola through the Panama Canal -- time 28 days. If I should decide on this, do you think President Cardenas would come to Acapulco (or Mazatlan or Manzanillo if it were better) and have me go ashore to lunch with him - he coming back to the cruiser to dine with me? Would he be pleased or insulted at such a suggestion?

3. The third plan would be to take the train to Mexico City, getting there early in the morning, being officially received by the President and spending the night with you and Mrs. Daniels. Then the next morning go by automobile with President Cardenas and you to Iguala, spending the night there and motoring the following day to Acapulco.

This, of course, is a pretty strenuous three days, and I am told by several people that the

drive the last day to Acapulco is terrifically hot and terrifically dusty -- perhaps more than I should undertake. Perhaps Iguala is not the place to spend the night though we are told there is a fairly good hotel there. There is, of course, a good hotel at Taxco but that is 185 miles from Acapulco and that is a long distance on a dirt road with the temperatur at 120 degrees!

Frankly, it would be a lot easier in many ways to do plan No. 2, for I could stop on the way down the Mexican Coast and do some fishing and you could join me at Manzanillo or Mazatlan and go with me as far as Acapulco. Therefore, I am inclined to plan No. 2, though it involves my not seeing Mexico City. Possibly next year I could go there on a special trip.

All of the above depends, of course, on the European and Far Eastern situations. Hitler has succeeded in another coup. What is to be the end?

As ever yours,

Honorable Josephus Daniels,
American Embassy,
Mexico, D. F.

P. S. On looking at the Mexican railway map, I find there is a railway from Mexico City to Manzanillo but I do not know whether a heavy special train could run over it. If it could, we could go there to join the cruiser instead of Acapulco.

file personal

PSF: Mexico

Mexico D F March 21, 1938.

Mexico

Dear Franklin:—

Just at this moment the tension due to the expropriation of the oil company plants is such that I am sure you will agree that it will be wisest to await the outcome before answering your letter of March 15th. I hope and believe the situation will be so composed that you can take one of the trips you outline. As soon as the tension ends I will obtain the information you request and send to you. If I were to make any inquiries now the suggestion that you plan to visit Mexico might get in the papers and that would be unfortunate.

When Cortez built a fire and burnt
off the feet of Cuatemoc (who would
not submit to Spanish power) the
Indian sent words to his associates
"You must not think I am living in
a bed of roses". The weather here is de-
lightful, but this civil controversy and
trouble makes me confide to you that I
am not "living in a bed of roses". Being
a confirmed optimist, I do not let it
unduly depress me, however.

My wife joins in love to you and Mm.

Rosencrantz.

Faithfully yours

Josephus Daniels

file personal
PSF: Mexico

PERSONAL

Mexico, March 22, 1938.

Dear Franklin:

These days have been difficult and hectic, reminding me of the situation here in Mexico when Woodrow Wilson was refusing to recognize Huerta and the British and American oil companies were backing the old assassin. If we must have troubles with Mexico about anything, it would be most unfortunate for them to be over oil. In the Wilson days we knew their trail and how Fall, as the spokesman of Doheny in the Senate, even went to the extreme of seeking to find ways to oust Wilson from the presidential office.

The controversy between the oil companies and the workers has been going on about a year. The workers demanded a new contract which they said would increase their compensation around twenty-six million pesos; the companies contended that it would probably reach forty-one million. It also contained provisions which gave workers positions in the administrative department of the industry which the company managers said would take the control of the business out of their hands. Finally, after President Cárdenas had guaranteed that the increase would not exceed twenty-six million pesos, and the companies had said they never would consent to pay the increase, even after the Supreme Court had affirmed the finding of the Board of Conciliation and Arbitration - the oil executives agreed to pay the twenty-six million upon condition that the administrative provisions were withdrawn.

I had advised American representatives before that in my judgment they would have to pursue that course if they wished to prevent an impasse. When, belatedly, they made the offer, I urged on the Foreign Office that the offer be accepted and pointed out that it would be disastrous to the oil

The Honorable
Franklin D. Roosevelt,
The White House,
Washington, D.C.

oil workers and to Mexico to permit the break. Each side probably expected the other to give in, and neither was willing to do so. After the oil men offered to pay the sum the court had said they should pay, I on several occasions urged on General Hay and Undersecretary Beteta that it would be a calamity if the Government did not induce the workers to withdraw the objectionable provisions, and I hoped until the last that there would be a compromise. And so did some of the officials with whom I talked.

The edict of expropriation came suddenly Friday night. President Cárdenas believes that the financial troubles of Mexico are due to the oil companies, because they drew out all their money from the country during the litigation. That has rankled with him. The companies say they did send their money out of the country, as they had a legal right to do, because they feared it would be confiscated. Cárdenas believes their withdrawal started the outflow of money from the country which seriously affected the finances of Mexico. Inasmuch as while the question of the increase in wages was pending before the Board of Conciliation and Arbitration the money was withdrawn, so that if the oil companies lost the Government could not attach their money to pay the back wages, Cárdenas felt the withdrawal was a lack of good faith and a blow to his Government. Resentment over that act was deep and lasting.

Labor's demand for places in administration was a rock in the road. On that point the companies would not yield, saying it would take the control of the business out of their hands. The time has not come, and the employees here lack the ability, for that far step.

Reading last night an entry in my diary of August 31, 1918, I came across the following in connection with labor problems confronting us during the World War:

> Woodrow Wilson said grave problems after the war would be such that he almost hoped the war would continue until his term of office expired. He said democratization of labor would not come through war between capital and union labor and collective contracts, but through partnership. If big industry does not invite labor to a place on the directorate and a share in profits and responsibility, it will invite worse. Labor is entitled to this, and when steel companies make big money labor should have better pay.

Will Wilson's ideal be realized ? Perhaps not in our day.

I quote another extract from my diary of August 9, 1918, which shows that in a way history always repeats itself:

James

James A. Garfield and Judge Proctor, representing oil companies, had conference with Polk, Baruch, Requa, Garfield and myself in Navy Department. They had been ordered to file their holdings by the Mexican Government. They said their lawyers advised them if they did so they would acknowledge the right of that Government to confiscate their property and would do it. We suggested it might be wise to file and protest. Lansing had already protested. Garfield and Requa seemed to lean toward the oil men, Baruch and I not. We went to see the President and he decided the oil men could not stampede us. I told the oil men what they wanted amounted to a declaration of war.

The feeling here harks back to the days when Doheny and Pearson obtained oil leases for a song from the corrupt Diaz government and when the oil companies backed Huerta and the United States later refused to recognize Mexico unless it upheld the subsoil ownership of oil and silver by Americans. These things have rankled and when the foreign oil companies (Britain owns 70%, and Americans 30%), refused to follow the award upheld by the Supreme Court, the Government declared them in rebellion against the laws and courts of Mexico and took the extreme step of invoking the expropriation law. The country by a large majority is with President Cárdenas and will remain so unless loss of employment and reduced wages brings hunger. You know that most revolutions are bred in hunger and privation.

I have of course kept Cordell Hull in touch with every movement and like him feel that Mexico has made a serious mistake. The oil companies, having always had their way in the past, were adamant too long. A telegram from Buenos Aires says this Mexican situation will test our Good Neighbor policy. It is indeed a severe strain upon it. The upholding of that policy, however, is of the highest consideration in a mad world where Pan American solidarity may save democracy. Oil ought not to smear it.

With my affectionate regards,

Faithfully yours,

Josephus Daniels

Mr Wb 20 sent

Mexico file private

EMBASSY OF THE
UNITED STATES OF AMERICA

Mexico, March 29, 1938

PERSONAL

Dear Franklin:

As I have told you on my visits to Washington, your Good Nehgibor policy, which I have tried to incarnate, had almost completely wiped out the old antagonisms produced by the Mexican war and the appellation of gringo had practically disappeared except as used in the sense you employed rebel when you playfully called Carter Glass 'an unreconstructed rebel' or when Senator Tillman called Henry Cabot Lodge 'a damned Yankee'. By the way, the close relationship between Tillman and Lodge was one of the strangest in history.

However, in a day, the whole situation has changed. Mexican officials and the bulk of the people of Mexico stand surprised and angered by the sudden announcement that the policy of buying silver from Mexico will cease on April 1st. The people feel deeply that it is done as a reprisal and as a punishment for the action of Cárdenas (a grave mistake) in expropriating the property of the oil companies (70% British, 30% American). I cannot convey to you the feeling here - which one in our country cannot appreciate - that a friend has struck a blow more devastating than he can conceive. It hurts economically and reduces ability to give employment and meet obligations, but it hurts worse in a conviction that it is the end of the Good Neighbor policy and its replacement by the old policy of the Big Stick and the patronizing Big Brother policies, for which you substituted one of neighborliness.

I see but one course to pursue if we wish to convince the Mexicans of our sincere friendship, which I know is in your heart and that of Mr. Hull and Mr. Morgenthau. It is to return, at least temporarily, to the silver purchase policy. I did not know our Government was to buy Mexican silver until the policy had been determined upon. It has helped the mine owners (nearly all Americans); it has helped to give steady employment to Mexican workers; and

The Honorable
Franklin D. Roosevelt,
The White House, Washington.

and it has helped, in taxes, the Mexican Government's fiscal life. To withdraw it suddenly is like taking anaesthetics from a patient too soon. I do not know exactly why we adopted the policy of buying silver from Mexico and Canada. I am sure you had reasons that convinced your judgment, and that the policy has helped these countries and has had a tendency to prevent a collapse in the price of silver.

The announcement that the purchase of silver would end on April 1st is regarded at home as a reprisal or notice to Mexico that unless it changes its policy we will administer a crushing blow. Most American papers and radio announcers so interpret it. And here the people believe that it is connected with oil. You and I remember how the American and British oil companies backed the unspeakable Huerta and under the leadership of Henry Lane Wilson sought to destroy and sabotage Wilson's humane policy, to destroy him, and by war make Mexico a part of the United States. It was never until Wilson decided to repeal the tolls on the Panama Canal, because he thought our country was in honor bound to live up to its treaty faith, that the British representative here was ordered from London to quit backing Huerta.

Should we do anything to allay the feeling here caused by Henry Morgenthau's statement that the silver purchase policy as to Mexico is to cease at the end of this month ? I strongly believe it is necessary if we wish to heal a breach caused by it. What then? I venture to suggest that Morgenthau make a statement somewhat like the enclosed. That done, we may restore friendly relations and help those Americans who paid honest money for their holdings here and are entitled to be reimbursed. We shut the door in the face of all our nationals who have claims unless we can reverse the bitterness caused by the notice that we will not buy silver, which came out a few days after the oil companies refused to obey the decision of the Supreme Court and President Cárdenas expropriated the property of the oil companies.

I am enclosing a suggested statement for publication. You can doubtless improve upon it, or adopt something better, if you feel that the position can be improved by our showing our true sentiments. We are strong. Mexico is weak. It is always noble in the strong to be generous and generous and generous. The weak are afraid of demonstrating their weakness if they openly practice that virtue.

Your

Your Good Neighbor policy, the noblest conception of preserving unity in the Western Hemisphere in a mad world, is in danger. I know it is your heart's desire to preserve it and undergird it, and I pray you may be given wisdom and divine direction.

Affectionately,

Josephus Daniels

not sent

P/s - I am sending a copy of this letter to Cordell Hull. I am writing to you because the silver purchase comes primarily under the Treasury Department rather than the Department of State.

Enclosure

SUGGESTED MORGENTHAU STATEMENT

I am informed by Ambassador Daniels that my published statement about buying silver is construed in Mexico as in the nature of a reprisal and a purpose to coerce Mexico.

Desiring to remove any such conception and to prove our earnest desire for friendship and mutual acts which will insure justice in all matters between the two countries, I wish to say that I am communicating with the Mexican Minister of Finance to state that the Treasury will continue in April the same purchase of silver that was made in March. Our policy has always been to act month by month.

file private

PSF: Mexico

Mexico

EMBASSY OF THE
UNITED STATES OF AMERICA

Mexico, March 30, 1938

PERSONAL

Dear Franklin:

When Cortéz conquered Mexico (he had a disease which 'only gold could cure') one young Indian, Cuauhtemoc, stood up against the invaders when old Moctezuma was taken captive. Cortéz demanded of Cuauhtemoc that he point to the place where stores of gold were hoarded. The Indian declared that Cortéz had taken the supply - whereupon Cortéz built a fire under Cuauhtemoc and told him it would be extinguished when he gave the information. The fire blazed. When, seeing he could not extort the information, Cortéz ordered the fire extinguished, the stoical Indian had given no expression to his agony. His companion in the fiery ordeal, on the contrary, gave vent to horrible groans. In rebuke, Cuauhtemoc said to him: "And do you think I am reposing on a bed of flowers?"

You have doubtless appreciated that in these hectic days here, with the repercussions and telegrams from the United States, I am not "reposing on a bed of flowers" - though in this land of flowers and sunshine I am tempted to say

"Every prospect pleases
And only man is vile."

Yesterday I had a brain-storm about this oil and expropriation situation. Or rather, I could not sleep for worrying over it and my duty. I therefore rose in the night and drafted a letter to you. So many people unload their burdens on you that after I had written the letter, with a copy to Cordell Hull, I decided not to send it. I know full well that my problem is only a part of the many which you have to face. In the letter, I recommended something for Henry Morgenthau that I later decided might put him in an embarrassing or inconsistent position. I did not flatter myself that the suggestion would be followed unless with all the lights before you it seemed wise. Since then, after a talk with Cordell, I

The Honorable
Franklin D. Roosevelt,
The White House, Washington.

I was convinced I was wise not to send the letter.

There was a time when we could commune in private without committal. Remembering those days, particularly as they touched the naval oil reserves, I have decided to send the letter as showing what I really felt and feel, even though my judgment, upon reflection induced me not to let it go to you officially or unofficially, but as the inmost thought of one friend to another.

The immediate trouble here flared up after a long and bitter debate over the eternal question of wages. When the oil companies had their own way they paid labor one peso (28¢) or two pesos (56¢) a day until the labor unions became strong; then wages were increased until oil workers were better paid than any other wage-earners in Mexico, but not as well as the oil workers in Texas or Venezuela. When the workers got the upper hand they followed the policy of "Do unto others as they have done unto you", and made demands for wages and for conditions and power in the industry which the companies said they could not meet. Some of the demands were impossible. And when the oil companies failed to comply with the decision of the Supreme Court, Cárdenas made the mistake of issuing his expropriation decree.

I have kept in touch with Hull and with the Foreign Office here in the hope that adjustments can be made. The past record and stubbornness of the oil companies and the expropriation act of Cárdenas and the depleted treasury here are the lions in the path.

Affectionately,

Josephus Daniels

PSF Mexico

Mexico D.F., Apr. 6, 1938.

File personal

Dear Franklin:-

I read last night (I don't get much time for reading these hectic days) a letter which Theodore Roosevelt wrote to Taft on Dec. 22, 1910:

"As I utterly disbelieve in the policy of bluff, in national and international affairs or any violation of the old frontier maxim 'Never draw unless you mean to shoot' I do not believe in taking any position anywhere unless we can make good."

That sound maxim has present day application.

Faithfully

Joe Cummings

PSE Mexico

Personal

Mexico, D.F. April 8. 1938.

File personal

Dear Franklin:-

In these hectic days I have been digging into claims filed by Mexico against the United States and claims filed by American citizens against Mexico. I ran across two which will interest you:

1. An American citizen files a claim for forty odd million dollars which he says he would have cleared on a patent but for the revolution in Mexico -

2. Mexico files a claim for over $400,000 for the damage the American fleet did to the property and person of Mexican airliners when Fletcher landed. They may make this bill personal and expect me to pay it. If so, I serve notice that I will draw on you for half the amount for we were partners then.

Faithfully

Josephus Daniels

Mexico

file

México, April 11,,1938.

Dear Franklin:

Some time ago William Allen White and his wife spent a month in Mexico. You know his experience and his knowledge and ability enabled him to get a much better insight into the situation here than is obtained by most tourists. I thought you might be interested in his point of view. In a letter just received he writes as follows:

> But I don't envy you your job at this time. As a citizen of this country, however, I am resting easily because you are on the job. It is so hard for people in our day and age of the world surrounded by our economic and social setup, to realize the inevitable psychology of our neighbors, living contemporaneously in years but two or three years behind us in economic and social environment. We Americans are constantly assuming that the Mexicans should be judged as people who have had the little red schoolhouse for three hundred years with a sense of the justice of majority rule and profound respect for minorities, a belief in order, responsible freedom and a faith in the moral government of the universe.
>
> I hope the President will be prevailed upon to be patient with these children of our younger sister Republic. Let them grow up.

With my warm regards,

Faithfully yours,

Josephus Daniels

The President,
The White House,
Washington, D. C.

file personal

PSF Mexico

EMBASSY OF THE
UNITED STATES OF AMERICA

Mexico, April 18, 1938

Mexico

Dear Franklin:

In view of the situation created by the expropriation of the oil properties and the fact that I know you are giving the matter in its largest aspect your consideration (I was greatly delighted when I read your statement about it at Warm Springs) - I am enclosing a copy of an address which I delivered at the Conference of American Consuls in Mexico City on October 9th last. I don't think I sent it to you. If you can snatch the time from other matters, I think my analysis of the difference between the various policies our country has adopted toward the Pan American nations would have a timely interest for you.

I am coming home the last of the month - -to my Golden Wedding - that is, if my wife will marry me again, and shall look forward to seeing you then. My wife joins me in affectionate regards to you and Mrs. Roosevelt.

Faithfully yours,

Josephus Daniels

Enclosure.

The Honorable
Franklin D. Roosevelt,
The White House, Washington.

C[redacted]

ADDRESS BY AMBASSADOR DANIELS AT THE CONFERENCE
OF AMERICAN CONSULS IN MEXICO CITY
OCTOBER 9, 1937.

It gives me genuine pleasure to welcome you to your Embassy. We have gathered here to exchange experiences, to swap ideas, to be informed of the true situation, particularly as it concerns Americans in Mexico, to study the regulations and the best way of administering them, to hear from the consuls in every consular district of special conditions that call for discreet judgment and action, and to organize diplomatic service in Mexico for the good of our country and the strengthening of friendly relations between ourselves and the Mexicans among whom we live, by uniting courtesy and friendliness with official responsibilities.

We have met here in the capital of Mexico also to learn from the head of the Division of American Republics in the State Department, who has journeyed here to attend these sessions and to acquaint us on the field with the spirit and policy of the Government at Washington. Mr. Duggan hopes to learn from us. We are confident we will learn from him. The frank interchange, I am sure, will at the end of these conferences send us one and all back to our posts better equipped to meet and wisely deal with the many and changing problems which come up daily for action.

As representatives of our Government in this close neighbor republic, we recognize that the Government and the people to whom we are accredited will judge our country by standards set by those commissioned to represent it. Each of us is, or should be, in some sense, a replica of Uncle Sam, that self-respecting, unassuming gentleman who asks nothing for himself or his nationals which he is not ready to grant to others.

There exists in the popular view an idea that diplomacy is static, that it is governed by ancient tradition often outmoded, and that its usefulness is impeded by slavish adherence to hoary precedents. There is undoubtedly a school that resists change, even to the point of regretting the abandonment of spats, mufflers, and canes, but the diplomacy that meets the needs of this changing world must deal with present day conditions by methods suited to present day needs. The time when diplomats were courtiers and given to the Machevellian use of words has gone into the discard. If we have not been able to attain unto "open covenants openly arrived at," we have come to a time when it is recognized that the best equipment of a diplomat is sincerity, frankness, common sense and the adoption of the Golden Rule, plus knowledge and courtesy as the guiding stars of statesman-like diplomacy. When no nation asks anything of another nation which it

is not willing to grant to all the members of the concert of nations, there is no need for dissimulation or deception or any of the devious methods employed when a diplomat was expected to obtain special concessions that benefited his nationals at the expense of the country with which he was negotiating.

In addition to the interchange of views between the American consuls in posts outside of Mexico City, and officials on duty in Mexico City, and the representatives of the State Department, who have come to take part in this conference, the acceptance of invitations to make addresses by Mr. Beteta, Under Secretary for Foreign Affairs, Mr. Hidalgo, Oficial Mayor, Mr. Reyes Spindola, Chief of Ceremonial, and Mr. Cruz, Chief of the Consular Section, important officials of the Foreign Office of Mexico, will give this gathering the character of an American-Mexican interchange of information and policy, which will strengthen ties between the diplomatic agencies of the two countries. I am sure I voice the appreciation of all the consuls and other officers accredited to Mexican posts for the hospitality of official and unofficial Mexico extended to them, and a pledge to that reciprocity of courtesies which is the trademark of international diplomacy.

The Monroe Doctrine, to which is due the fact that not since its promulgation has any European country annexed a foot of land on this continent, never contemplated anything except the preservation of the Western Hemisphere from European control. However, public officials and public speakers in the United States more than once have done their country a dis-service by interpreting it as justification, for example, for the taking of Panama. In fact, the Monroe Doctrine has been distorted by being regarded by some American writers and speakers as giving Washington the right to keep Europe out of conquest on this hemisphere while placing no like inhibition upon the United States. That misinterpretation is responsible for the misunderstandings and suspicions entertained as to the unselfishness of the United States by countries South of the Rio Grande. History bears proof that, as it is related to European countries with avid eyes on the New World, it has seldom been necessary to call their attention to the fact that the United States was ready to spend its blood and treasure to preserve the freedom of the New World from exploitation. The most conspicuous examples where the Doctrine has been invoked were when France was told that the United States regarded the occupation of Mexico by Maximilian as violation of the Doctrine, and when Mr. Cleveland gave Great Britain notice that its course in Venezuela was behorrent to the principle enunciated by Monroe. In both instances, we followed the policy outlined by Monroe that we would regard an attack by a European nation upon countries in this hemisphere as "an attack upon ourselves", and generally, we have adhered to Jefferson's self-denying statement that "we aim not at the acquisition of any of their possessions." Jefferson stated the spirit of the Doctrine in a nutshell when he wrote, "Its object is to in-

troduce

troduce and establish the American system, of keeping out of our land all foreign powers - of never permitting of Europe to intermeddle with the affairs of our nations." There was never any justification to invoke the Doctrine under the nice sounding expressions that some small country on the hemisphere was guilty of acts dangerous to the peace and safety of the United States, or a manifestation of an unfriendly disposition towards the United States, or endangering our peace and happiness. If such general expressions justified intervention by the United States, the Monroe Doctrine could be distorted in ways that justified the former suspicions of Central and South American countries.

If at any time, by words or acts of representatives who did not truly express the symbol of true American ideals, some people in foreign countries may have gained the impression that Uncle Sam is something of an egotist and a swaggering and domineering individual, that wrong impression is being wiped out by the utterances and the policies of diplomats, who incarnate the spirit of the New Freedom and the New Deal.

Slogans have been used to describe the policies of various administrations in their Pan American dealings. We have had "Dollar Diplomacy", "The Big Stick", "The Big Brother", "Watchful Waiting", and "The Good Neighbor" as shibboleths. They may not appraise correctly the true attitude, but in the absence of better designations, these have found general acceptance. When these slogans are changed by Department action, signals should be given to those in the field so that not even the youngest consul will be in doubt about the course he should pursue.

There was a time in our recollection when Uncle Sam's Marines were frequently quartered in Latin American countries, when we "took" Panama and let Congressmen talk afterwards, when we exercised sovereign rights over Cuba, when we conducted the elections in Nicaragua, when we imposed fiscal officers upon small countries, and when we claimed the right to be a self-appointed censor of policies on this hemisphere.

Some of us have lived to see four separate Pan American courses practiced by Washington before the Good Neighbor policy was adopted, not to name the different interpretations of the Monroe Doctrine. It may be of interest to trace the evolution of the policies from the days of Theodore Roosevelt to the administration of Franklin Roosevelt.

The policy of "The Big Stick", enunciated by Theodore Roosevelt, was contained in a message to Congress in these words:

> "Any country whose people conduct themselves well can count upon our hearty friendship. If a nation shows that it knows how to act with reasonable efficiency and decency in social and political matters, if it keeps order and pays its obligations, it need fear no interference from the United States.

States. Chronic wrong-doing, or an impotence which results in a general loosening of the ties of civilized society, may in America, as elsewhere, ultimately require intervention by some civilized nation, and in the western hemisphere the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrong-doing or impotence, to the exercise of an international police power."

The "Dollar Diplomacy" policy was thus stated by President Taft in a message to Congress on December 2, 1912:

"The diplomacy of the present administration has sought to respond to modern ideas of commercial intercourse. This policy has been characterized as substituting dollars for bullets. It is one that appeals alike to idealistic humanitarian sentiments, to the dictates of sound policy and strategy, and to legitimate commercial aims. It is an effort frankly directed to the increase of American trade upon the axiomatic principle that the Government of the United States shall extend all proper support to every legitimate and beneficial American enterprise abroad."

And again:

"While our policy should not be turned a hair's breadth from the straight path of justice, it may well be made to include intervention to secure for our merchants and other capitalists opportunity for profitable investments which shall enure to the benefit of both countries."

In describing the advantages of "Dollar Diplomacy", Secretary Knox on May 24, 1911, stated before a Senate Committee:

"Shall the Government of the United States make American capital an instrumentality to secure financial stability, and hence prosperity and peace, to the more backward republics in the neighborhood of the Panama Canal? And in order to give that measure of security which alone would induce capital to be such an instrumentality without imposing too great a burden upon the countries concerned, shall this government assume towards the customs collections a relationship only great enough for this purpose - a relationship, however, the moral effect and potentialities of which result in preventing the customs revenues of such republic from being seized as the means of carrying on devastating and unprincipled revolutions?"

In summarizing our former activities in the Caribbean as a result of the theory that our Government must use either the "Big Stick", "Dollar Diplomacy" or the "Big Brother" policy to insure the protection of the lives and property of our citizens in foreign lands, Professor Shepherd of Columbia University stated:

"In about thirty years we have created two new republics - Cuba and Panama; converted both of them and three other Latin American countries - the Dominican Republic, Nicaragua and Haiti - into virtual protectorates; intervened by force at least thirty times in the internal affairs of nine supposedly sovereign and independent nations; made the period of intervention last anywhere from a few days to a dozen years; enlarged our investments from a paltry two or three hundred millions of dollars to the tidy sum of upwards of three billions, and installed in four states our own collectors of customs to insure payment. Incidentally, we have annexed Porto Rico and the Virgin Islands, built a canal, secured an option to construct another, and gathered in several naval stations."

And, General Smedley Butler, for several years in command of the Marines in the regions of the Caribbean, gave testimony that, "I and the Marines have conducted five successful presidential elections in Central America."

The Wilson administrations policy became known as one of "Watchful Waiting", because of the long and tortuous dealings with Huerta and Carranza in Mexico. Within a week after his inauguration, President Wilson departed from the Taft policy of "Dollar Diplomacy" and like doctrines, and promulgated a policy which he hoped would win the approval of South American and Central American Republics. He was confronted by the insistent attempt of the American Ambassador in Mexico to secure the recognition of Huerta, who had taken office by force and the assassination of the lawfully elected President and Vice President. There were fears of like usurpations by like methods in other countries in this hemisphere. President Wilson repudiated Henry Lane Wilson's indefensible course and retired the Ambassador, who, in the assize of history, cannot escape a measure of responsibility for Mexico's plight in 1912 and subsequent years because of his close association with and partisanship of Huerta. Six days after he took the oath of office, President Wilson issued a public statement, in which he declared that "one of the chief objects" of his administration would be "to cultivate the friendship and deserve the confidence of the sister republics of Central and South America." The statement asserted, "We have no sympathy with those who seek to seize the power of government to advance their own personal interest and ambition." In making public his policy in the early days of his administration, he was moved to a prompt declaration because, as he said to members of his Cabinet, "the agitators in certain countries wanted revolutions and were inclined to try it on with the new Administration", and he added that he "was not going to let them get by with revolutions if I can prevent it." It was called "amateur diplomacy", but the press of both parties gave approval. The NEW YORK WORLD, sensing Wilson's policy, gave graphic exposition of it as follows:

"There

"There is not a word of encouragement here for the big exploiters, not a word to hearten a murderous uprising, not a word to stir the greed of a dictator disguised as a deliverer, and not a word to expedite the sales of stocks and bonds in the United States, by marauding corporations. It is all for liberty, independence, justice, democracy, the national honor and good neighborhood. It is true that it contains a warning, but also a benediction."

The country approved the principle enunciated by President Wilson, but when it came to the application of it in the refusal to recognize Huerta, there was serious dissent in many quarters, which increased as conditions in Mexico grew into serious divisions and conflicts.

In his famous speech at Mobile in October, 1913, to leaders from all Pan America, Wilson declared that the United States would never annex another foot of territory by conquest, adding, "We must prove ourselves their (Pan American) neighbors, friends and champions upon terms of perfect equality. You cannot be friends upon any other terms than upon the terms of equality. You cannot be friends at all except upon terms of honor. We must show ourselves friends by comprehending their interest whether it squares with our interest or not." He declared that these countries had "harder bargains driven with them than any other people in the world", and that, "We ought to be the first to take part in assisting in that emancipation."

Wilson's refusal to recognize Huerta brought forth severe criticism from both sides of the Rio Grande, particularly his "Watchful Waiting" and the use of force to prevent arms reaching Huerta and the determination to capture Villa after the killing of the American engineers at Columbus. Nobody regretted the necessity of these acts more than Wilson, or understood more the implications of some of the courses he felt impelled to pursue. But throughout the long months of travail and embarrassment, he stood steadfastly against the pleas of his countrymen to direct the affairs of Mexico, or select the officials, saying in 1915, when the criticism was at its height, some leading journals demanding that the United States annex Mexico and every foot of land down to and including Panama:

"There is one thing I have got a great enthusiasm about. I might say a reckless enthusiasm, and that is human liberty. I want to say a word about our attitude toward Mexico. I hold it as a fundamental principle that every people has the right to determine its own form of government; and until this recent revolution in Mexico, until the end of the Diaz reign, eighty per cent of the people of Mexico never had a 'look-in' in determining who should be their governors or what their government should be. Now I am for the eighty per cent. It is none of my business, and it is none of your business, how long they take in determining it. It is none of my business, and it is none of your

business

business how they go about their business. The country is theirs. The liberty, if they can get it, and God speed them in getting it, is theirs. And so far as my influence goes while I am President, nobody shall interfere with them."

Wilson's critics commented that Wilson's policy real was that "nobody shall interfere with them but me." However, if it is accepted that Huerta should not have been recognized because he had grabbed power by force and assassination, then Wilson's course is seen as consistent and as making for the success of the Mexicans in obtaining a President and a Government of their own choosing. He welcomed the good offices of the ABC powers, and of that promise of joint action of Pan American countries, which settled the Mexican problem. The Springfield REPUBLICAN voiced public sentiment when it said: "It is worth a dozen Pan American Conferences. For an act like this crystallizes fine words and eloquent periods into a landmark of Pan American diplomacy. It establishes a new precedent; possibly opens a new era."

Wilson persisted in his much derided "Watchful Waiting", as newspapers and public men shortly demanded that he declare war against Mexico. He answered the insistent demand by saying:

> "The thing that daunts me and holds me back is the aftermath of war, with all its tears and tragedies. I came from the South, and I know what war is, for I have seen its wreckage and terrible ruin. It is easy for me as President to declare war. I do not have to fight, and neither do the gentlemen on the Hill, who now clamor for it. It is some poor farmer's boy, or the sons of some poor widow away off in some modest community, or perhaps the scion of a great family, who will have to do the fighting and the dying."

And that courageous covenanter added:

> "I know they will call me a coward and a quitter, but that will not disturb me. Time, the great solvent, will, I am sure, vindicate this policy of humanity and forbearance. Men forget what is back of this struggle in Mexico. It is the age-long struggle of a people to come into their own, and while we look upon the incidents in the foreground, let us not forget the tragic reality in the background, which towers above this whole sad picture."

Wilson stood unmoved before the attacks by Mexicans, as before the criticisms in his own country. Many in both countries believed the landing of sailors and marines at Veracruz, and Pershing's expedition were the first steps of an invasion that looked toward taking Mexican territory. They regarded them as steps in a repetition of what happened in 1845-1846. Events showed that their suspicions were not justified, and, his subsequent actions proved that, however much they resented this or that act of President Wilson, his purpose and passion in all the stress and strain and misunderstandings had assisted the Mexicans in

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choosing their own executive and in governing themselves according to the sound American principle of the consent of the governed. With the recognition of Carranza by the United States and all other Pan American countries, the policy of "Watchful Waiting", even if attended with inconsistencies, misunderstandings, and differences, was justified by its results.

With the end of the Wilson administration, the pendulum swung back somewhat to the Theodore Roosevelt and Taft policies, but with less emphasis of display of the "Big Stick" and the "Big Brother" attitude. Harding and Coolidge sent fewer Marines into small countries than either Roosevelt or Taft or Wilson, but held to the doctrine which Wilson had pilloried, even though Wilson did not always practice his preaching. With the advent of Mr. Harding, the policy of his administration was thus expressed by Charles Evans Hughes, Secretary of State:

> "It is the duty of each State to respect the rights of citizens of other States which have been acquired within its jurisdiction in accordance with its laws. It is the policy of this Government to make available its friendly assistance to promote stability in those of our sister republics which are especially afflicted with disturbed conditions. The United States aims to facilitate the peaceful settlement of difficulties between the governments of this hemisphere ... We intend in all circumstances to safeguard the Panama Canal .... Disturbances in the Caribbean region are, therefore, of special interest to us, not for the purpose of seeking control over others, but of being assured that our own safety is free from menace."

Mr. Coolidge inclined more to the doctrine of the days of Theodore Roosevelt and Taft than to either the Wilson or the Harding deliverances, as is seen in the following extract in an address to the editors in New York on April 25, 1927:

> "It would seem to be perfectly obvious that if it is wrong to murder and pillage within the confines of the United States, it is equally wrong outside our borders. The fundamental laws of justice are universal in their application. These rights go with the citizen wherever he goes. These duties of our Government must follow him ... The person and property of a citizen are a part of the general domain of the nation, even when abroad."

Carried to its logical conclusion, this assertion of Mr. Coolidge would require the Government to send troops into the deepest recesses of a foreign country, if an American citizen reported that his investment was in jeopardy. As a matter of fact, though the implication of that doctrine no longer holds, there are Americans residing abroad who demand that if they stand to lose by reason of the laws in the country where they are living, Uncle Sam in the person of soldiers should respond to their call for protection; this, sometimes, even when in writing the land-

owner

owner accepted the Calvo Clause, thereby pledging himself to abide by the laws of the country in which he resides, though retaining his American citizenship.

Not less than a month ago, an American who had bought a large hacienda in Mexico years ago, solicited the aid of the Embassy, alleging that his hacienda was about to be dotated to Mexicans. Every aid was given him to present his case, but he bluntly asserted that he had a right to expect the United States to preserve his lands for him, no matter at what cost. "Do you mean that you think the people at home would approve sending the Army and the Navy into Mexico to protect your property which may be in peril by Mexican laws and Mexican administration?" he was asked. He answered in the affirmative, adding, "By God, if the American people knew the true situation, they would arm themselves and come to the protection of the property of Americans, wherever they are, if it is imperilled."

During the days of the Huerta regime, an American citizen, who had resided in Mexico for twenty years, went to Washington City to ask protection for his property situated near the Panuco River. The President referred him to the Secretary of the Navy. The Navy had been keeping two ships in the Panuco River in these disturbed times to protect Americans, and had sent a number of ships, which carried Americans to the United States for safety. The exigencies of the situation caused the Admiral in charge to transfer one of the ships on the Panuco to another Mexican port. The ship removed had been anchored in front of the property of this American citizen, and because it had been sent elsewhere, he went to Washington to demand that it be returned to the same anchorage.

I explained to him that the Admiral on duty in Mexico had reported that in the conditions then existing, one naval vessel was sufficient to afford the needed protection. The visitor flew into a rage and inquired:

"Do you mean to deny the request that the ship be returned to its former anchorage on the Panuco?" I replied that I would support the Admiral in the disposition of ships on the Mexican coast and would not countermand his order. That infuriated him, and in the hearing of many people, including members of the press, he cried out in loud and bitter tones:

"For the first time in my life I am ashamed of being an American citizen. I would to God that I was a citizen of Great Britain, for the King protects the property of his subjects in every part of the world, even if to do so, he has to send the powerful British Navy."

When his wrath subsided a little, I asked: "How long have you resided in Mexico?"

"Twenty years," he answered.

"And all this time you have preserved your American citizenship?" I inquired.

"Yes,

"Yes, and until now I have been proud of it, but now I am ashamed of it!" he shouted.

As quietly as I could, I told him that it cost hundreds of dollars every day to keep the naval ship anchored in front of his property, and added:

"The only way the money can be obtained is from the taxation of the American citizens. Will you please be good enough to let me see your tax receipts, showing that in all these years you have contributed your part toward the upkeep of the American Navy?"

If I had slapped his face, instead of asking him a simple and proper question, he would not have been more indignant. "I will not stay here longer to be insulted," he cried, as he strode out of the room.

These two incidents show what might be involved in the Coolidge doctrine, at least, to what extent some Americans who have gone to other countries to make investment think their country is committed in their behalf.

President Hoover announced no doctrine, but pursued what may be termed, for the lack of a better description, the "Conciliatory Policy." In a Pan American Union address on April 14, 1931, he said:

> "The American republics today are rapidly approaching the time when every major difference existing between them will be settled by the orderly processes of conciliation and arbitration."

Mr. Henry L. Stimson, Secretary of State, laid down the doctrine of the administration in these words a month after Mr. Hoover's Pan American address: "It is the established policy of the United States not to use its army and navy for the collection of debts."

Two days after President Hoover's declaration at the Pan American Union meeting in Washington, Secretary Stimson, writing to the United States Minister in Nicaragua and to the United States Consul at Bluefields, said:

> "In view of the outbreak of banditry in portions of Nicaragua hitherto free from such violence, you will advise American citizens that this Government cannot undertake the general protection of Americans throughout the country with American forces. To do so would lead to difficulties and commitments which this Government does not propose to undertake. Therefore, the Department recommends to all Americans who do not feel secure under the protection afforded them by the Nicaraguan Government through the Nicaraguan National Guard to withdraw from the country, or at least to the coast towns, whence they can be protected or evacuated in case of necessity. Those who remain, do so at their own risk, and must not expect American forces to be sent inland to their aid."

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That declaration was more significant because it was made at a time when "there was a situation in Nicaragua which not only threatened American interests, but also had cost already several American lives."

These extracts, given above, from declarations of responsible high officials indicate the changing policies of American administrations towards countries south of the United States, from Theodore Roosevelt's "Big Stick" to Hoover's Conciliatory methods. They bring us up to the enunciation of the "Good Neighbor" policy by President Franklin D. Roosevelt in his inaugural and other state papers. In his inaugural address, Mr. Roosevelt said:

> "In the field of world policy, I would dedicate this nation to the policy of the "Good Neighbor" - the neighbor who resolutely respects himself, and because he does so, respects the rights of others - the neighbor who respects his obligations and the sanctity of his agreements in and with a world of neighbors."

A month later, in an address before the Pan American Union, Mr. Roosevelt enlarged upon his inaugural declaration, saying:

> "Friendship among nations as among individuals calls for constructive efforts to muster the forces of humanity in order that an atmosphere of close understanding and coöperation may be cultivated. It involves mutual obligations and responsibilities, for it is only by sympathetic respect for the rights of others and a scrupulous fulfillment of the corresponding obligations by each member of the community that a true fraternity can be maintained."

In December of the same year, speaking at the Woodrow Wilson Foundation dinner in commemoration of the birthday of Woodrow Wilson, President Roosevelt quoted with approval the definite declaration of Mr. Wilson at Mobile, that "the United States would never again seek one additional foot of territory by conquest," and Mr. Roosevelt added:

> "The United States accepted that declaration of policy. The President went further, pointing out with special reference to our Latin America neighbors, that material interests must never be made superior to human liberty."

President Roosevelt, having in mind how the ABC powers brought about an understanding in a difficult situation with reference to Mexico, laid down the doctrine that in the event of a like situation in Pan America, "it becomes the joint concern of the whole continent in which we are all neighbors." At the Montevideo Conference, Secretary Hull declared: "The people of my country strongly feel that the so-called right of conquest must forever be banished from this hemisphere,

and most of all they shun and reject that so-called right for themselves, undertaking to say that under our support of the general principle of non-intervention as has been suggested, no government need fear any intervention on the part of the United States under the Roosevelt administration."

In a recent address under the auspices of the National Peace Conference, Secretary Hull, in summarizing what governments should do enumerated "national and international patience and self-restraint; avoidance of force in the pursuit of policy; non-interference in the internal affairs of other nations; the use of peaceful methods to adjust differences; the faithful observance of agreements; the modification of such agreements, when essential by mutual understanding and orderly process; the reduction and limitation of overburdening military armaments; and the coöperation and interchange in the economic field."

On July 16th of this year, Secretary Hull, in proclaiming the attitude of the United States, states it advocated "abstinence by all nations from the use of force in pursuit of policies and from interference in the internal affairs of other nations", and "the faithful observance of international agreements."

These expressions are in keeping with Article 8 of the Convention on Rights and Duties of States, adopted at the Montevideo Conference, which reads:

> "No state has the right to intervene in the internal or external affairs of another",

and in Article 11, which reads as follows:

> "The contracting states definitely establish as the rule of their conduct the precise obligation not to recognize territorial acquisitions or special advantages which have been obtained by force whether this consists in the employment of arms, in threatening diplomatic representations, or in any other effective coercive measure. The territory of a state is inviolable and may not be the object of military occupation nor of other measures of force imposed by another state directly or indirectly or for any motive whatever even temporarily."

The Buenos Aires Conference adopted the following resolution, which made clear the policy of the twenty-one countries making up the Pan American Union:

> "1. That the American Nations, true to their republican institutions, proclaim their absolute juridical liberty, their unrestricted respect for their several sovereignties and the existence of a common democracy throughout America;
>
> "2. That every act susceptible of disturbing the peace of America affects each and every one of them, and justifies the initiation of the procedure of consultation provided for in the Convention for the Maintenance, Preservation and Reëstablishment

of

of Peace, executed at this Conference; and

"3. That the following principles are accepted by the international American community:

"(a) Proscription of territorial conquest and that, in consequence, no acquisition made through violence shall be recognized;

"(b) Intervention by one State in the internal or external affairs of another State is condemned;

"(c) Forcible collection of pecuniary debts is illegal;

"(d) Any difference or dispute between the American nations, whatever its nature or origin, shall be settled by the methods of conciliation, or full arbitration, or through operation of international justice."

In an address before the Academy of Political Science, summarizing the practical accomplishments of the Buenos Aires Conference, Honorable Sumner Welles, Under Secretary of State, expressed his sincere conviction that the conference "marks the end of an old chapter in inter-American relations and signalizes the beginning of a new epoch in this hemisphere." He frankly admitted that for decades the United States "undertook a policy of aggressive territorial expansion", and that in that period "there were sown the seeds of the abiding belief on the part of Latin America that the United States was dominated by imperialistic ambitions", and that confidence in the good faith of the United States was "seriously impaired." Secretary Welles declared it was his conviction that he knew of "no act of intervention undertaken by the United States which has accrued to the benefit of the American people", and his conviction that "domestic peace and the utilization of the orderly processes of democratic self-government cannot be imposed from without by an alien people" and commended the protocol which declared: "inadmissible the intervention of any one of them, directly or indirectly, and for whatever reason, in the internal or external affairs of any other of the Parties."

I have deemed it well at the opening of this conference of members of the diplomatic branch of our government assigned to duty in Mexico to call attention to the evolution of the attitude of the American Government toward the countries South of the Rio Grande. As we deal daily in the discharge of our duties with people who are sensitive about the implications of the Monroe Doctrine and the differing policies that have operated in the Pan American countries, this recital must have peculiar interest to every one of us, whether on duty in the capital or in the remotest consulate. The record shows how our policy has progressed from one of assumed semi-guardianship over small countries near our shores and deemed within the sphere of our influence, to a unity of equal and independent countries, free from the suggestion of guardianship or inter-

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vention, in which all the Pan American countries act as equals in common counsel to settle all problems that rise within the scope of action by the Pan American concert of nations. This history of advance and brotherly interchange evidences that diplomacy is more concerned with upholding just and fair dealing and cordial relations than with upholding precedents, traditions and protocol.

It is our high duty to interpret the attitude of our Government as set forth in the "Good Neighbor" doctrine in the neighborly spirit, seeking to build up and strengthen the most amicable relations between the people and the government of these nearest neighbor republics. I rejoice to believe we have helped toward that goal and this conference will stimulate its furtherance to the weal of both nations.

PSF Mexico

THE UNDER SECRETARY OF STATE
WASHINGTON

April 25, 1938.

P.F.

My dear Mr. President:

Your acknowledgment of the telegram sent to you by the Mexican Chamber of Deputies which you personally approved has now been received by the President of the Chamber.

I am consequently returning to you herewith the letter from Mr. Daniels which you were good enough to send me with your memorandum of April 19 since you may wish to have this in your files.

Believe me

Faithfully yours,

Enclosure:
From Josephus Daniels,
April 16, 1938.

The President,
The White House.

PSF Mexico

Mexico D.F. April 16 1938.

Mexico

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY

Dear Franklin:-

It may be that the action of the Chamber of Deputies yesterday may not have been reported to you. Therefore I have caused to be translated and am enclosing an extract from today's El Universal. It must warm your heart to know in what esteem you are held by the Mexican people. They have the sincerest admiration for you as a man and as the apostle of the good neighbor policy.

Faithfully -

Josephus Daniels

Source: EL UNIVERSAL.
Date: April 16, 1938.
Place: Mexico City.

TRANSLATION.

Congratulations to Mr. Roosevelt.

In yesterday's session of the Block of the Chamber of Deputies, Deputy César Martino presented the proposal that President Roosevelt be sent a message of friendly feeling from the members of said body, for his address of last Thursday on the occasion of the celebration of Pan American Day.

After a brief discussion it was agreed to send the following cable to the President of the United States:

"His Excellency Franklin D. Roosevelt, President of the United States of America, Washington, D. C.:

"The members of the Chamber of Deputies of the 37th Congress of Mexico, through its Block, watch with deep feeling your attitude with respect to the economic liberation of the Indo-Hispanic peoples and consider as a basis for good relations between all the peoples of America the announcement made by you that "the international differences of all classes may be solved by means of pacific negotiations". In our President Cardenas and you the democracy of the world has found its two most vigorous representatives.

"The members of said Chamber set an historic precedent upon greeting you and, in the name of our people, the American people, who are united now with the rest of the Continent to interpret the laws which bring about the happiness of all peoples of America, through the most profound sentiment of social justice.

(Signed) The President of the Block,
Deputy Leon García."

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BSF Mexico

THE WHITE HOUSE
WASHINGTON

[redacted]

June 17, 1938.

MEMORANDUM FOR

THE SECRETARY OF STATE

I think Ambassador Daniels on his return to Mexico should seriously take up this matter with the Mexican Government and get the definite facts from them.

F. D. R.

C O P Y

DEMOCRATIC NATIONAL COMMITTEE
NATIONAL PRESS BUILDING
WASHINGTON

JAMES A. FARLEY
CHAIRMAN

June 14, 1938.

My dear Mr. President:

I had a brief visit the other day with Mr. Jones, President of Wells-Fargo Company, who dropped in to pay his respects.

He wanted to tell me that the Japanese are making great inroads in Mexico. They are building all the roads and taking in payment prepaid warrants that they can call up in the future.

I thought this should be brought to your attention. I am sending a copy of this memorandum to the Secretary of State.

Sincerely yours,

(SIGNED) JIM

Hon. Franklin D. Roosevelt,
The White House

PSF Mexico

Mex folder d-1

July 6, 1938.

Dear Chief:-

I do wish I could have seen you before you left. Will you be good enough to say to President Cardenas that I had greatly hoped to be able to visit Mazatalan or Acapulco, but I am headed for the Galapagos Islands and must go straight south from Cape San Lucas. Actually my time for the trip is so limited that I can probably spend only two or three hours fishing at the mouth of Magdalena Bay and another two or three hours the next day fishing at Cape San Lucas.

Will you also be good enough to tell Senor Hay that on the way south, if the sea is smooth enough, I hope to fish for an hour or two in the lee of Socorro Island? And I may similarly stop at Clipperton Island. The latter used to be a Mexican possession but I think was awarded to France in an arbitration a few years ago.

As ever yours,

Honorable Josephus Daniels,
American Embassy,
Mexico, D. F.

PSF Mexico

Mexico D.F. July 2. 1938.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY

Dear Franklin:-

I am enclosing you a copy of a letter from the Minister of Foreign Relations expressing the pleasure of Mexico that you will visit Magdalena Bay on your fishing trip. Do you wish on that trip for me to suggest that you see President Cárdenas? Or have the oil complications made this inexpedient?

It heartened me that you took occasion to stress the good neighbor policy in your recent address at the New York Exposition. The delicate situation here is putting that doctrine to a severe test. It is more important that it be maintained than that any particular debt collection be pressed, particularly at the time when American finances are at a low ebb. Patience is the virtue essential in a good neighbor policy.

The officials here say they intend to pay and wish to talk over with the oil men the plan and amount &c. But they are adamant in their position that the property expropriated will not be returned to the oil men.

It was good to see you and be reassured of your large and wise policies with reference to American and Pan American affairs as well as domestic concerns. I hope you will have a fine trip.

Affectionately,

Josephus Daniels

MINISTRY OF FOREIGN
RELATIONS
United Mexican States
MEXICO

Mexico, June 30, 1938.

56705

Mr. Ambassador:

I have pleasure in replying to Your Excellency's courteous note in which you inform me of the desire of His Excellency, the President of the United States of America, to include Magdalena Bay in (the itinerary of) his trip during the month of July next.

In informing Your Excellency of the pleasure with which the Government of Mexico views the prospect of having part of our territory visited by President Roosevelt, I take the liberty of stating that appropriate measures are being taken to the end that our civil and military authorities may facilitate that visit.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest and most distinguished consideration.

(Signed) Eduardo Hay.

His Excellency
Josephus Daniels,
Ambassador Extraordinary and Plenipotentiary
of the United States of North America.
Present.

THE WHITE HOUSE
WASHINGTON

PSF: Mexico
Mexico folder

July 13, 1938.

Memo. for Mac:

Tell Daniels in reply to the letter he sent to the President, that when the time comes, if the President finds it will be useful for him to come to Panama, he will let him know, but that as he is to be there only six hours and will have the President of Panama with him all the time, it will be pretty difficult for him to see Daniels.

F.D.R.

(return Daniels letter to Miss Tully for private files)

Aboard the Presidential Special
July 13, 1938.

My dear Mr. Ambassador:

The President has asked me to be sure and drop you a little line of thanks for that material you sent him with your note of July 9th.

He said to tell you that he will be in Panama only six hours and will have the President of Panama with him all of the time, so that it will be pretty difficult for him to see you. However, when the time comes, if the President finds it will be useful for you to come down there, he will let you know.

The President sends you his warmest regards, in which I join,

Very sincerely yours,

M. H. McIntyre

His Excellency,
The Honorable Josephus Daniels,
The United States Ambassador,
Mexico City,
Mexico.

Dear Franklin:-

Mexico D.F. July 5, 1938.

Thinking you may have time on your ship to read an illuminating opinion about the agrarian problem and the attitude of President Cárdenas. It is written by Frank Tannenbaum, of the faculty of Columbia University who has made a study at first hand of the workings of the agrarian policy since 1921. Frankly he is a partisan of what Cárdenas has done, but much of what he depicts is based upon a situation that can be freely understood only by those who have spent some time in Mexico.

There are some phases of the land and oil questions here that give me great trouble, and about which I would like to talk with you. I might fly down to Panama and see you when you reach there if you wish me to do so. Please let me hear. I hope you will enjoy your well earned vacation -

Affectionately,

Jacques Daniels

file personal

Mexico, D.F.,
July 6, 1938.

My dear Mr. Ambassador:

As you know, I have spent the last month traveling about the country with President Cárdenas. I joined him in San Luis Potosí on June 1 and said goodbye to him yesterday; and before leaving for Peru I thought I would give you some of my impressions of the immediate situation in Mexico.

On leaving San Luis Potosí we traveled through the State with practically no military protection, though it is true that while we visited Ciudad Maíz, which is the birthplace of Cedillo, we had about two dozen soldiers with us, although Ciudad Maiz itself had a considerable number of military people stationed there. We went to El Salto, which is difficult to get to, and walked through woods and jungle for about seven kilometers with no armed force whatever except the ordinary pistols Mexicans carry as a matter of course, and I think one member of the party carried a machine-gun. After leaving the State of S an Luis Potosí we went to Tampico, visited the oil fields all through the Huasteca district, went to Tuxpam, Veracruz, visited Poza Rica; and by using the Mexican battleship OBREGÓN we traveled to Puerto México and went up the Coatzalcoalcos River to Minatitlán.

The general impression that I have is that the oil fields are at work; the laborers are enthusiastic; the reception the President had in these fields was quite impressive in its spontaneity and vociferousness. There are undoubtedly some disciplinary problems in the oil fields between the unions, but as a whole the thing seems to be working a great deal more smoothly than anyone would have assumed to have been possible. I do not wish to discuss the oil issue in this letter to you and am simply giving you the general impression that a month's visit among the oil fields has left with me - which can best be summarized by saying that I gained the impression of orderliness and enthusiasm and a great deal of faith in the President himself. I might repeat that we traveled through all

The Honorable Josephus Daniels,
American Ambassador,
Mexico,D.F.

all that district without any military guards and without any policemen.

Before I said goodbye to the President, he showed me a letter he had received from Castillo Nájera in Washington, and it is this letter which is the chief reason for my writing to you. The letter reported a conversation between Castillo Nájera and Mr. Welles and indicated that the offer of the Mexican Government to pay for the small properties which had been expropriated, especially in the Yaqui Valley, would not be accepted by the American Government without raising the larger issue of the Mexican Government's responsibility for all American property which has been affected. I was also told about, but was not shown, a letter to Ambassador Castillo Najera from Mr. Welles emphasizing and strengthening the general tone of the conversation which Mr. Castillo Nájera's letter reported.

It is my impression that a very serious psychological let-down has resulted from the position assumed by the State Department in this matter. I think the feeling that President Cárdenas had when he agreed to try to pay, during his own term, for the small properties expropriated in general, and for the Yaqui Valley in particular, was that he thought he was doing something President Roosevelt wanted done. It was a kind of spontaneous, friendly gesture of good will on his part, to meet what he thought would be the interest of President Roosevelt in the little man. Cárdenas did it, as I gather, without raising or attempting to raise the larger issues involved. He has a very keen appreciation of President Roosevelt and of his internal and external policies and he went out of his way to try to do something to show his personal good will towards those policies. To have this act on his part become the basis for raising a series of issues which the Mexican Government feels it is not prepared to face, has led to a kind of psychological slump which leaves us in our relations with Mexico not only where we were some months ago, but, I am afraid, a little further back than that. My guess is - and I am just guessing - that we are worse off now, from the point of view of feeling and attitude, than we have been at any time during a period of more than a year certainly.

It seems worth while, in view of the above, for me to try to state the Mexican situation on its agrarian side as I think the Mexicans see it, and, in part at least, as I see it myself, looked at internally in Mexico and not externally from the United States.

The Mexican Revolution was, in the opinion of the

Mexican

MexicanGovernment, fought by the peasants for the sake of a piece of land which they could till and own. For reasons which are too complex to go into now, the process of land distribution has been slow. It is faster now than at any time since 1915, when it first began; but even so, they feel they are only about halfway through. There are on the books of the Agrarian Department at the moment over twelve thousand demands from villages for land, which the Mexican Government feels have to be met not only if the purpose of the Revolution is to be fulfilled but also if internal peace is to be maintained. This is a matter of fundamental importance to us if we want to understand what is going on on the agrarian side in Mexico. The Mexican Government feels - and I think it is right in that respect - that the agrarian movement is stronger than the Government; that no Mexican government since 1915 has been able to stop the process of land distribution, even if it wanted to; that the present administration could not stop the process of land distribution if it wanted to without precipitating either a revolution against itself of a very serious character , or, if not a revolution, certainly universal and unorganized violence all over the country. The thousands of villages which have had no land given to them will not, from the point of view of the Mexican Government and I think the Mexican Government is right, stand by and see themselves denied what other villages across the road or on the other side of the hill have been given. It would amount to political suicide if any administration in Mexico should bring the agrarian movement to an end now, without completing the process of land distribution. This process must be seen as a fundamental historical change taking place in Mexico, which, like a flood, is stronger than any obstacle which stands in its way; and the only thing any government in Mexico can do until the process is completed is to go along with it, willing or unwilling. Previous governments in Mexico have gone along against their will, in part at least, - reluctantly; and they have had continued and continuous violence and murder all over the country. The present administration considers it its duty to Mexico to go along with the flood and to satisfy the demands of the common people in that respect - partly because of humane feelings on the part of the present administration, but largely because of a kind of political insight into Mexican history which makes them feel that the only way to peace and stability and democracy in Mexico is through the process of land distribution and that until that is completed nothing else of fundamental character can really be achieved in Mexico.

That being the case, there are a great number of issues which it is very desirable for us to be very realistic about. I am convinced myself that the present agrarian

agrarian movement can not be stopped either by this administration or by any other administration which might replace it, without precipitating a revolution. If we really mean to bring the agrarian movement in Mexico to an end, we would have to face the possibility of intervention - a possibility which seems very remote at the moment. But even if we did intervene, we should end, within a year after intervention, by doing what President Cárdenas is doing, because we would discover that we could not administer the territory without giving the people the land they want. Otherwise there would be such universal violence that it would be uncontrollable. The one difference that intervention would make would be that we could arrange to buy the properties before we distributed them , and the present government can not arrange to do that; but we cannot change the fundamental policy of government in Mexico in that respect for the time being.

That raises another issue: the issue of compensation. The Mexican Government's income is less by nearly half than what New York City spends on its public and high school system. Out of that meagre income it has to maintain an army, a diplomatic service, and run a government. It simply has not got the money that would be required to purchase the land that political forces compel it to distribute. From one point of view, of course, the Mexican Government, if this process is going to continue to its end, will distribute about two-thirds of the area of the country, and I assume it is a true statement to say that no government is rich enough to buy its own country, and this is probably what is happening in Mexico. Rough estimates are that the present value of land already distributed may run to a billion dollars, and they themselves feel that the process is probably only half through. If the Mexican Government were to issue bonds against that property it could not afford to pay the interest on them.

In view of the enormous demands and small income of the Mexican Government, such things as villages asking for help in getting drinking water to cut down infant mortality; such things as trying to increase the cultivated area of the country so that the basic food supply would be higher; such simple things as setting up schools for the children of peasants and of soldiers, so that the future of Mexico as a democratic nation may be one day assured -- are of such immediate urgency that the present administration can not refuse to meet these demands in so far as it has the power to do so, and any attempt on its part to assume financial responsibility for the basic historical process of the conversion of land ownership from a feudal to a democratic system would simply mean that it would have to strip its administration of any kind of effort to improve the lot of the

the common people in these simple matters, and yet be unable to meet the financial requirements involved in this land distribution. I am not defending the Mexican Government; I am trying to explain its position as it sees it; and I may say for myself that it is a fairly realistic view of the matter. The Mexican Government has not got the money to pay for the land it has taken away and the land it will, as a matter of inevitability, take away in the near future because the demands of the people are implacable and their hunger is so great that nothing, so far as I can see, will stop them, not even violence. Violence is something that two sides can practice, and Mexican peasants are not afraid to lose their lives in an effort to satisfy an age-old hunger for a piece of land they can till and own. The Mexican Government is caught between two forces, neither of which it can control: the underlying social readjustment which is stronger than itself; and the demand of native and foreign landowners for compensation, which it can not meet. Under the circumstances it does what any other government would do: it takes the easiest course in the matter because that it is the only course it can take if it is to maintain political stability. It yields to the inevitable.

Now, to ask the Mexican Government to assume financial responsibility for American lands expropriated is to ask it to assume responsibility (I might say for what is not a very great sum in view of the total amount involved) for the property of Mexican landowners, English landowners, Spanish landowners - who have suffered the most - and other nationalities; and, as I have already indicated, that would require the assumption of responsibility for an amount of money on which it could not even meet the interest without seriously crippling its financial administration.

All of this raises a series of considerations which I think our Government will have to face, in making up its own mind as to what it is going to do about this aspect of the Mexican problem. When President Cárdenas offered to pay for the small American properties that had been expropriated in Mexico, he did not presume, or intend, that that offer would be the occasion for raising the larger issue which he is not in a position to face for obvious reasons indicated above. He can of course try to come to an understanding with the small property owners themselves, and I suppose that is what he will try to do in the future; but unless we are prepared as a Government to go to extremes, I feel fairly confident that both sides will merely indulge in a series of embittering gestures that will end, as all such gestures have ended in Mexico in the last twenty years, by leaving the

problem

problem about where it was when the exercise began. As I have said before, even intervention could end only in our doing what the present Government is doing and paying for it. If I were asked for a policy in the matter, I should say that we ought to encourage the Mexican Government, either by itself or through our intermediation, to make such payments as it can to the people to whom it feels a special responsibility, such as the little fellows, and do nothing to interfere with the broader historical process going on, particularly because we can not interfere even if we want to, and because in the long run Mexico will be a much better neighbor to the United States as a democratic, small-property-owning nation than it was as a feudal system based on large-scale plantations and peonage. I think that in the long run we have much to gain from a friendly, democratic, and peaceful Mexico. Recognizing as I do the very difficult position in which the State Department finds itself and the obvious justice of the demands of Americans for compensation, I have nothing but sympathy for the difficulties of the Department -- but in the long run we may even get some compensation by following a policy of understanding Mexico's difficulties and helping her solve them, rather than by assuming a quite opposite attitude.

I have said almost nothing about the human and humane aspect of the problem, but we ought not to be unmindful, I think, that what they are trying to do by this process is to give themselves some opportunity for the essentials of a decent life: physical freedom from the persecution and abuse which the old plantation system involved; political democracy in which Mexico can be based only on a small land-holding system; the privilege of schooling for their children and the opportunity to develop some improved technique in agriculture so as to increase the amount of ordinary food which the people eat. And while such considerations perhaps do not weigh heavily in the scale of justice, we ought not to be unmindful that the problem does not represent just a malicious process of disturbing other people's property rights, but rather the conversion from an anti-democratic to a democratic way of life, at a very heavy cost to all the people involved but probably quite inevitable.

I am sorry I have taken so much time to say so little, and I hope you will forgive me for it. President Cárdenas asked me if I could stop off in Mexico on my way back from Peru in September, which I hope to be able to do, and I shall then give myself the pleasure of seeing you again.

Sincerely yours,

FRANK TANNENBAUM

(Please see next page)

P/s:

Perhaps the Mexican situation can best be seen, from the American angle, as a belated process of homesteading which we went through in our own history with the major difference that large areas in our case remained unappropriated, whereas in Mexico they had been appropriated by a few people and in many cases were left untilled and unused.

F.T.

FT:KCT
Dictated but not read by Mr. Tannenbaum, as he was leaving on the noon plane.

Hon. Franklin D. Roosevelt,

Personal

file personal

PSF Mexico

Mexico D.F. Aug. 20, 1938.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY

Dear Franklin:-

There are two sides to every question. The Mexican attitude toward oil expropriation and Mexican opinion has been clearly expressed by a young Mexican lawyer who was educated at Columbia University. I thought you might like to read it.

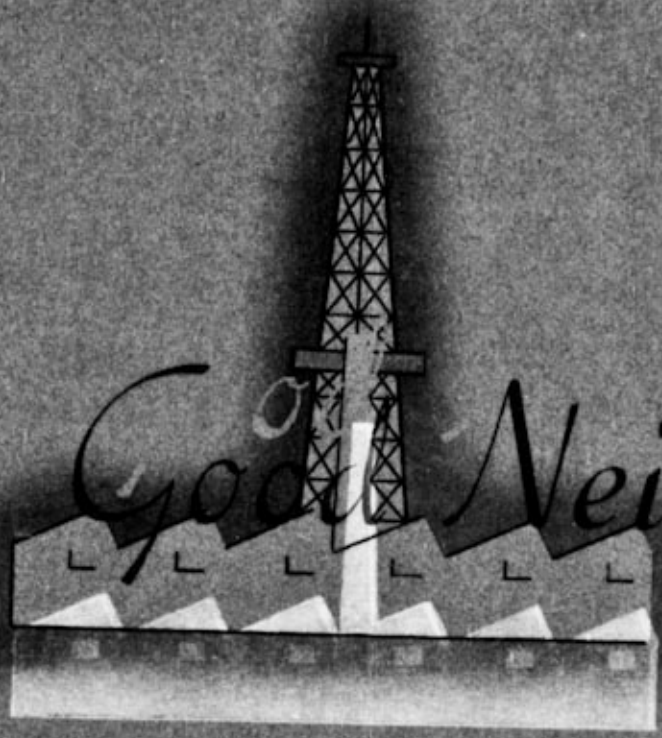
I have greatly regretted the refusal of the American oil companies to negotiate with the Mexican authorities. They seem to accept the British rather than the American position.

Faithfully

Josephus Daniels

PSF México

OSCAR MORINEAU



The Good Neighbor

MEXICO CITY, MEXICO
1938

THE GOOD NEIGHBOR

By OSCAR MORINEAU

A. B.—Columbia University
Graduate Law School
National University
of Mexico.

MEXICO CITY,
MEXICO.
1938

THE GOOD NEIGHBOR

I wish to express the Mexican point of view with regard to the relations between our two countries, especially as it bears upon the expropriation of the oil industry in Mexico. This event has been very thoroughly discussed from all points of view, by the owners, by the foreign and native employees who lost their jobs, by the oil workmen, by the Government, and others.

To begin with, it would be just to state that the attitude of the press in the United States has been in general, impartial and fair, although in several instances a wrong impression of the actual facts and a onesided exposition have been presented to the American public.

Naturally, the oil companies affected by the expropriation decree have a very definite opinion and point of view. We all have our own opinions influenced generally by our economic interests. Furthermore, these affected groups are in a privileged position to make their opinions known to everybody and frequently in the past they have had the power to enforce such

opinions. This group believes that it is unjust to deprive companies of their holdings on the ground that they are the pioneers of the oil industry in Mexico; that they had faith in the future of the country and took all kinds of chances before they even got a penny back from their original investments; that the expropriation is nothing but an act of piracy on the part of both the Government and the irresponsible bunch of workmen whose sole ambition is to plunder, because they are unable to create. This group usually finish their argument by using the magic word especially coined for foreign consumption, by saying that the expropriation is nothing less than a Communistic robbery. They also argue the point that neither the Government nor the workmen are capable of handling the industry to advantage, and that this will soon go to ruin unless the present Government is overthrown and the properties are turned over to their previous owners.

The latter part of the thesis is most interesting since it is a wish that gives birth to an idea. How often do we interpret reality through our feelings! The world is to us a synthesis of reality and of our own being, of the objective and the subjective; hence the great importance of fiction in life. In fact, desires, wishes, prejudices, whims and passions are realities; that is, they exist, and exist with power, violence and persistence as great as that of matter.

I quite understand the point of view of the persons affected. They take for granted our inability to act. It is true that the technical personnel of the companies has been useful in the development of Mexico, but they are well aware that nobody is indispensable and that

there are in Mexico persons capable of substituting them; that the oil technique, although marvelous and worthy of retribution, is not a secret and neither is it the exclusive patrimony of the two great enterprises that monopolize the oil industry in the world.

He who believes himself indispensable to any country suffers from a superiority complex that not only is harmful to him but to those that find themselves under his direction. As a rule, these "indispensable" persons demand very hight salaries, they are never satisfied and they try to make us believe in a patronizing manner that they are granting us a favor by being in our country, thus creating in their victims an inferiority complex, that humiliates and corrupts them by making them abject. One of the main causes originating the labor conflict prior to the expropriation was the lack of tact and understanding on the part of the administrators. We are aware that it is very difficult for a person placed in a certain position, equipped with definite and fixed prejudices, used to power and wealth, to adapt himself all of a sudden to a critical situation that requires an immediate decision based on inteligence and loftiness of spirit. Thus the oil companies dug their own graves in Mexico. To justify the above assertion it is necessary to analyze the point of view of the affected interests.

To begin with, I wish to do homage to the memory of Sir Whitman Pearson, late Lord Cowdray, founder of the oil industry in Mexico. Lord Cowdray was of very humble origin and of a type similar to that of Henry Ford. He became an aristocrat through his own efforts and worthiness. He was one of those rare

specimens produced once in a century among the human crop. He had an exceptional intelligence, great foresight, special gifts as an organizer and administrator. As a general rule, the rest of the pioneers of the oil industry in Mexico were of Mr. Doheney's type. But let us start our analysis.

The original investments, that is, the amount of money brought into Mexico for the development of the oil industry did not exceed one hundred million dollars. It is true that more investments were made, but these were derived from the income of the original investments. Now then, with an original investment of more or less one hundred million dollars, the companies exported from Mexico about five billion dollars worth of oil. A relative of mine, who is a decided follower of the oil companies will not accept this argument, stating that the promoter and investor who risks one cent and builds a fortune worth millions, is entitled to those millions because they are the product of his enterprise, foresight and special capability. I would accept this opinion if it were not for the fact that in the peroleum affair there are other factors involved. Nevertheless, this relative of mine sticks to his dogma with full conviction and accepts no contradiction.

This type of man is most conservative, hates any change and is never willing to discuss his prejudices because they represent to him a vital function, similar to that represented in the survival of the individual through any of his senses. It is not necessary for a person to justify the fact that he possesses touch, sight and hearing. Furthermore, I have to confess that the world of today is to a great extent the result of indi-

vidual initiative and that the capitalistic system has no rival in history for its capacity to produce. Nevertheless, I do not believe I exaggerate when I state that this system is deficient in the distribution of the wealth that it produces. To prove my assertion it is sufficient to point out the phenomenon of economic depression which confronts us with millions of unemployed watching the real and actual destruction of their production because there are not enough persons with sufficient means to acquire it. The capitalistic system does not take into consideration that production is meant for the use and benefit of the community. Is is true that for many years the coincidence of supplying the needs of men was more or less automatic, but in a complex society, as the present one, it has become necessary to create a technique of distribution that is equal to the admirable capacity to produce, the most distinctive feature of the capitalistic system.

We are deeply interested in the social and economic experiment being made in the United States, especially because we believe that our destiny is intimately interwoven with that of the United States, and because we do not sympathize with régimes of violence, oppression and annihilation of individual liberty. We wish to solve our problems and to find our salvation in our realities, traditions, and national characteristics. It may be true that Faschism and Communism have been based upon the special circunstances of those countries in which they have been established.

To begin with, the expropriation decree is not a communistic act, because we are firmly determined to pay for the expropriated properties and because this

measure was not inspired by communistic doctrine. It was exclusively a necessary and indispensable measure of public utility.

In fact, when the Supreme Court of Mexico gave notice of its resolution, adverse to the oil interests, the companies immediately declared in a categoric and definite manner that they would not accept this resolution, because they are unable to do so. An intolerable situation was created by the attitude assumed by the companies, which would have ended in the total paralyzation of the oil industries, and it would have affected the economic life of the country. Transportation and many other industries cannot operate without oil. The Federal Government, basing itself on a law promulgated previously to the oil conflict, was forced to decree the expropriation of the oil industry in Mexico. I do not know what the Government of the United States would have done in a similar case, but we adopted the only possible remedy permitted us, within the terms of the Law, to make possible the continuation of operations of this important industry. In Mexico, when a certain industry endangers the life of the country or constitutes a menace of great social import, the Federal Government is morally and legally authorized to expropriate such industry.

Precisely because the prolonged paralization of the oil industry was unbearable, the President of the Republic influenced the oil workmen to stop the strike declared at the beginning of the conflict and to abide by the decision of the Mexican courts.

It has been said that the resolution of the Supreme Court is unjust. For the American reader it would,

be quite easy to decide on this argument if he was told that certain party was not going to accept a resolution issued by the Supreme Court of the United States because he considers it unjust. Nevertheless, if we admit the possibility that the resolution of our Supreme Court is unjust or mistaken, this possibility is eliminated by the fact that the companies finally agreed to accept it, that is, to pay the salaries and compensations as established by the resolution. Unfortunately this willingness to comply with the decision of our Courts was arrived at by the companies after the expropriation had already been decreed. To have annulled the expropriation act then would have been humiliating.

The origin of the oil industry in Mexico as well as in other countries is stained with blood, violence, plunder, corruption and intrigue of all kinds. We may forget crimes and mistakes of the past, provided the organization or industry committing them later justifies its existence from the social point of view. Unfortunately the oil companies did not have the necessary foresight to cooperate in the development of the regions in which they operated. When oil wells were exhausted life in the region was extinguished, for the exploiters left no traces of culture, such as schools, hospitals, roads, and institutions for social health and hygiene. During the boom of the exploitation in any region only saloons and places of prostitution flourished. These evils were attributed to the low standards of the local authorities and to that of the inhabitants of that particular section of the country. We know and admit our defects and we feel indignant at the unsocial behavior of the Mexicans who have been accomplices and frequently the authors of our tragedies. It is be-

cause we are determined to raise the moral standard of our authorities and citizens that we are unable to sympathize with the imperialistic elements that have become in Mexico the main support of this state of affairs.

The duplicity of imperialistic enterprises is evidenced in great and powerfull nations such as France and Great Britain, who although their inhabitants at home enjoy a high moral standard, gladly collect taxes on narcotics in their oriental colonies. An article in "Current History", in March of this year, treats of this subject.

Therefore if imperialism has been the main originator and supporter of corrupt and irresponsible governments, of vice and the degeneration of our race, we are determined to finish with it. Consequently, it is not contradictory when we assert that we are in favor of the protection of the individual and also of private enterprise and individual initiative. In fact, the purpose of the State is the protection of its citizens.

Hence, when a private enterprise endangers the life of its citizens and becomes a serious obstacle to the economic independence of the country or corrupts the environment in which it operates, it becomes necessary and it is moral and legal to put an end to its existence. It is justifiable to sacrifice the rights of an individual when their exercize becomes anti-social and if by so doing we attain the happiness of the rest of the community.

It is objected that we cannot expect business enterprises to engage in activities that better correspond to

cultural, educational or philanthropic institutions, because the exclusive object of private business is profit. We agree that commercial or industrial enterprises exist neither for purposes of love or charity; we are not ourselves moral reformers, but we are firmly determined to prevent private enterprises from becoming positive factors of corruption.

The most serious argument in the thesis we are analysing is the assertion that business when administrated by Government has always been a failure. I do not know whether this rule has any exceptions and we do not pretend to be the exception. But we admit that it would not have been possible, from a logical and ethical point of view, to expropriate foreign entreprises for the sole purpose of delivering them to Mexican private enterprises. And to prevent any failure we are determined to attain discipline, efficiency, and loyalty from the administration and the workmen. Experience will teach us how to stimulate individual initiative. We are certain that we will be able to raise the moral level of the workmen.

We have been threatened with terrible reprisals that may seriously endanger our economy. We are prepared for any sacrifices. It may be that only through sacrifices and suffering we may be able to attain national unity and the convition in the minds of all Mexicans that constant labor and discipline are indispensable if we wish to become econocically independent and a really great nation.

The last point in this analysis of the imperalistic thesis is the insinuation that we overthrow our Gov-

ernment. It is true that the measure analyzed in this article was decided by the President, but it is necessary that it be known with clearness that the Mexican nation accepted this measure with enthusiasm and conviction. We have had many Governments that not only did not represent public opinion but did not look after the interests of the nation. We may imagine a Government that is not popular but formed by an aristocracy which sincerely aspires to raise the standard of living and cultural development of the people. Never, in the history of Mexico, have the people backed the Government to such an extent as it has in the present case. For this sole reason, the whole nation has become jointly liable and responsible with the Government in the nationalization of the oil industry. Whoever in the future becomes President of Mexico will be forced to uphold this act. The dismal argument of alarmists, agitators and professional organizers of revolutions, paid by bastard interests will not prosper when they come preaching to us the salvation of the country by means of disturbing our peace and creating anarchy.

In spite of the critical economic position menacing us for having affected powerful interests, we want the world to know that we feel proud and happy that the step has been taken.

It has been painful to think that a few plutocrats in Wall Street or in the capitals of Europe had the destiny of Mexico in their hands and that our Government was a mere puppet always ready to comply with their wishes. This situation created an inferiority complex which was very harmful to the development of

Mexico. Nevertheless, we hold no hate for those affected by the expropriation nor their personal representatives in Mexico, nor the wealthy stockholders that live comfortably in Europe and in the U. S. Mexico has no race or national prejudices. We do not hate Jews, Americans or any other races or nationalities. We were however immensely happy and elated over the expropriation because through it we experienced a feeling of sovereignty, and everybody in Mexico, rich and poor, men and women, even foreigners that love Mexico, felt that an event of great importance had occurred and gave expression to that feeling. The event was important because it gave us the opportunity to externally demonstrate something that was latent in our souls, namely, the feeling that we are maturing as a Nation, that we possess national ideals, that we crave national unity. When the expropriation was decreed, all Mexico was in a great state of excitement and expectation but ready to go to any lengths in order to hold its place. But we were agreeably surprised to discover that past fears and the inferiority complex forced into us were only phantasms and creations of a sick mind. Then we became conscious of the fact that we could do something great, that at last we had the opportunity to work for economic independence, to construct, to assume great responsibilities, to be respected and admired. Every Mexican now knows that the honest and sincere development of his own capacities and personality, is the common aim of all his fellow-citizens and that this aim is sufficiently great to fight for, and to present it to the world as something to be respected.

Our nationalism is not a selfish wish to exclude others. On the contrary, it is our idea that only by

developing confidence in ourselves can we help humanity. We feel that we have a work of great importance to perform in the world of nations, but this work must be an expression of our own nationality, because it can not be performed by anyone except ourselves as a nation. Our nationalism is derived from something typical of us. It is the synthesis of past mistakes and misfortunes, of our Spanish, European and Indian traditions and of the influence of the United States in Mexico, of all the forces that have accumulated to produce the Mexico of today. Nationalism in Mexico means the desire to give to the inhabitants of this nation the product of their efforts, and this is based on the peculiar idea that our work and our natural resources belong to us. Nationalistic Mexico welcomes foreign investments if the investor does not operate on the principle that his money constitutes a perpetual mortgage on the people and resources of this country.

Scientific knowledge in our hands is constantly increasing. This will enable us to increase our production rapidly, to promote education and public health on a large scale and to develop our country. We have the firm determination to create in Mexico a new, beautiful and generous culture. As far as the United States and foreigners are concerned, we want them to know that we are proud to be able to love them and to offer our friendship because we are free, because we feel confidence in ourselves, and not because we fear or hate or feel inferior.

Mexico offers its friendship to the United States and its alliance against any invaders of this Continent. It offers the advantages of its location to promote

markets between the two countries. We want Americans to sell us what we need and to buy from us what they need. We always prefer American merchandise, not because it is invariably better and cheaper than European, but because we are familiar with it and it is nearer to us. We are not competitors and our development will not make us so, for we are different and the tendency is for us to become more different in production and character. Let our differences in points of view be the element of mutual esteem, sympathy and economic and spiritual intercourse. In a few years Mexico will be the best export and import market for the United States and our constant intercourse, if carried on with sincerity, sympathy and a sense that we are equal and not inferior or superior to each other, will make of Mexico the most interesting and useful country for the United States.

The exotic natural beauties of Mexico have been praised for tourist purposes. In the same fashion one sees in the catalog for tourists to the United States mention of the Empire State Building, the Golden Gate Bridge (two of the greatest engineering feats of this century) and other external manifestations of beauty, technique and power.

I lived in the United States more than eight years. Naturally, I admired external greatness and accomplishment, but I learned to love Americans, and from them I loved to learn, and to work and to be naive most of the time. Circumstances taught me to wash dishes, wait on tables, shovel snow in the streets, but it also gave me later the opportunity to teach mathematics and Spanish, and to acquire an aducation and

always to feel respectful and respected. My best friends I found in the United States. One of them whose ancestors came to Virginia in 1631, has no rival, in my experience, for his immense sympathy, knowledge of human nature, sincerity, capacity and heroism. The supreme gift of my friend is his sympathy and understanding. He finds in each human being an inexhaustible source of beauty and kindness. By making a complete world out of each person his very individual sympathy becomes universal. And I also found in the United States that this most exquisite flower of civilization called sympathy grows side by side with the most bigoted and narrow-minded specimens of mankind. I had the privilege to include among my friends a most select group of quiet but exceptional scientists, professional men, social workers, business men and common laborehs, the best representatives of American greatness.

I left Mexico for the United States at the age of thirteen years and on my return at the age to twenty one I discovered that the Mexican had great capacity for the appreciation of beauty and for artistic creation, great talent for abstract thought, great passion for love and hatred and a savage capacity for pain and pleasure. I made the very interesting discovery that the Mexican is one of the most normal human beings from the sexual point of view. I also noticed that the Mexican has great defects and drawbacks but to me the expropriation of the oil industry is a great opportunity offered to us to become more self-reliant and to assume greater responsibilities. For the student of social psychology the expropriation decree is a dramatic example of how a single event may mark the beginning

of a new epoch in the development of the personality of a whole Nation.

It might be suspected that this article is inspired out of personal interests and written in a spirit of propaganda. It is true that I have written it impelled by powerful interests and driven by a passionate spirit of propaganda.

I am a Mexican citizen by birth and by choice. For this reason I am deeply interested in the future of my country. I am also a graduate of an American University (Columbia), and therefore familiar with and greatly sympathetic to the American people. Hence my great desire to spread what I consider a sincere exposition of the oil affair and of public opinion in Mexico. My personal interest has no price for it is not inspired by monetary remuneration, nor by a desire to keep or obtain a Government position. For this reason I think I am morally obliged to introduce myself so that the reader may be aware of, and know my interests, inclinations and prejudices.

My ancestors were of Spanish and French origin. They enjoyed wealth and power. But they were ruined by the revolution. Nevertheless, they taught me to love my country, because they knew that only by making me feel like a son of this soil, as I do, could I find happiness, that is, the possibility of fully developing my personality.

In spite of our differences we Mexicans and Americans have important common aims for which to fight. It is obvious that the attitude of friendship and under-

standing assumed by the Government of the United States must become a permanent policy, for it will create mutual advantages to both countries and it will serve to convince all Latin America that Mexico and the United States are sincere in their friendship and not merely indulging in diplomatic or sentimental talk; that we are going to work together to promote markets for each other, to fight any foreign invasion and the establishment on this Continent of exotic political, social or economic dogmas that for us mean the killing of individual development, rivalry among neighbors, dictatorship, oppresion, race hatreds and all the mental burdens of the old world. We are not afraid of social reform, but the social reform we need and the methods to be used in order to bring it about will be discovered and adapted exclusively by us.

The "good neighbor policy" is pregnant with possibilities; nevertheless it might become a mere phrase. But if we give it meaning and application it will mark an epoch in the history of international relations. My experience with Americans has been successful to the utmost because it has been based on sympathy and understanding. My experience as a lawyer has taught me a fundamental principle: human relations are successful when based on mutual consent.

The United States and Mexico should have the courage and sincerity to establish and apply these same principles in their relations. The "good neighbor policy" either means sympthy, understanding and mutual consent or it means nothing. Eloquent facts have proven to us that President Roosevelt and Secretary of

State Mr. Hull, are now the best guarantee of the friendly relations proposed in this article.

Mexico City,

May 19, 1938.

Oscar Morineau.

PSF Mexico

DEPARTMENT OF STATE
WASHINGTON

[August 1938]

Excellency:

I have the honor to acknowledge the receipt of the Mexican Government's note of August 3 last delivered to the Ambassador of the United States in Mexico City, which note was intended to be a reply to my note of July 21 addressed to Your Excellency.

I.

In my note under reference this Government called to the attention of Your Excellency's Government the fact that many nationals of the United States, chiefly the owners of farms of moderate size with a claimed value of $10,132,388 which have been expropriated by the Mexican Government subsequent to 1927, have not only been left without any payment for the properties so taken, but likewise without assurance that any payment would be made by

His Excellency

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the Mexican Government to them within any foreseeable time. I further stated, "The taking of property without compensation is not expropriation. It is confiscation. It is no less confiscation because there may be an expressed intent to pay at some time in the future."

I said that the Government of the United States cannot admit that a foreign government may take the property of American nationals in disregard of the universally recognized rule of compensation under international law or admit that the rule of compensation can be nullified by any country through its own local legislation.

My Government had in mind that the doctrine of just compensation for property taken originated long in advance of international law. Beyond doubt the question first arose when one person sought to take the property of another. Civilized society determined that common justice required that it be paid for. One nation after another decided that it was fair and reasonable, equitable and right, to accompany a taking of property by payment of just compensation. In due time the nations of the world accepted this as a sound basic rule of fair play and fair dealing. Today, it

is embodied in the constitutions of most countries of the world, and of every republic of the American continent; and has been carried forward as an international doctrine in the universally recognized law of nations. There is, indeed, no mystery about international law. It is nothing more than the recognition between nations of the rules of right and fair-dealing, such as ordinarily obtain between individuals, and which are essential for friendly intercourse.

In the reply of Your Excellency's Government now under acknowledgment the Government of Mexico states that it maintains "that there is in international law no rule universally accepted in theory nor carried out in practice, which makes obligatory the payment of immediate compensation, nor even of deferred compensation, for expropriations of a general and impersonal character like those which Mexico has carried out for the purpose of the redistribution of the land." The Mexican Government further states that "there does not exist in international law any principle universally accepted by countries, nor by the writers of treatises on this subject, that would render obligatory the giving of adequate compensation for expropriations

of a general and impersonal character", and continues by declaring that while Mexico admits "in obedience to her own laws that she is indeed under obligation to indemnify in an adequate manner" * * * "the time and manner of such payment must be determined by her own laws" and that such assertion is "based on the most authoritative opinions of writers of treatises on international law."

My Government has received this contention on the part of the Government of Mexico, I feel it necessary to state with all candor, not only with surprise, but with profound regret.

Reduced to its essential terms, the contention asserted by the Mexican Government as set forth in its reply and as evidenced by its practices in recent years, is plainly this: that any government may, on the ground that its municipal legislation so permits, or on the plea that its financial situation makes prompt and adequate compensation onerous or impossible, seize properties owned by foreigners within its jurisdiction, utilize them for whatever purpose it sees fit, and refrain from providing effective payment therefor,

either at the time of seizure or at any assured time in the future.

I do not hesitate to maintain that this is the first occasion in the history of the western hemisphere that such a theory has been seriously advanced. In the opinion of my Government, the doctrine so proposed runs counter to the basix precepts of international law and of the law of every American republic, as well as to every principle of right and justice upon which the institutions of the American republics are founded. It seems to the Government of the United States a contention alien to the history, the spirit and the ideals of democracy as practiced throughout the independent life of all the nations of this continent.

If such a policy were to be generally followed, what citizen of one republic making his living in any of the other twenty republics of the western hemisphere could have any assurance from one day to the next that he and his family would not be evicted from their home and bereft of all means of livelihood? Under such conditions, what guarantees or security could be offered which would induce the nationals of one country to invest savings in another

country, or even to do ordinary business with the nationals of another country?

II

The fundamental issues raised by this communication from the Mexican Government are therefore, first, whether or not universally recognized principles of the law of nations require, in the exercise of the admitted right of all sovereign nations to expropriate private property, that such expropriation be accompanied by provision on the part of such government for adequate, effective, and prompt payment for the properties seized; second, whether any government may nullify principles of international law through contradictory municipal legislation of its own; [or] and, third, whether such Government is relieved of its obligations under universally recognized principles of international law merely because its financial or economic situation makes compliance therewith difficult.

The Government of the United States merely adverts to a self-evident fact when it notes that the applicable precedents and recognized authorities on international law support its declaration that, under every rule of law and

equity, no government is entitled to expropriate private property, for whatever purpose, without provision for prompt, adequate, and effective payment therefor. In addition, clauses appearing in the constitutions of almost all nations today, and in particular in the constitutions of the American republics, embody the principle of just compensation. These, in themselves, are declaratory of the like principle in the law of nations.

The universal acceptance of this rule of the law of nations, which, in truth, is merely a statement of common justice and fair-dealing, does not in the view of this Government admit of any divergence of opinion. Merely as one of many examples of enlightened [authoritative opinion] of present times upon this subject, I cite the following [authority] as a pertinent example.

In 1903 in the arbitration of the Selwyn case which had arisen between the Governments of Great Britain and Venezuela, the umpire in the case stated: "The fundamental ground of this claim as presented is that the claimant was deprived of valuable rights, of moneys, properties, property and rights of property by an act of the Government which he was power-

less to prevent and for which he claims reimbursement. This act of the Government may have proceeded from the highest reasons of public policy and with the largest regard for the state and its interests; but when from the necessity or policy of the Government it appropriates or destroys the property or property rights of an alien it is held to make full and adequate recompense therefor."

With regard to the further fundamental issues presented in the reply of Your Excellency's Government the Mexican Government now advances the surprising contention that it may expropriate property and pay therefor, insofar as its economic circumstances and its local legislation permit, but that if these circumstances and legislation do not make possible the payment of compensation, it can still take the property. If this theory were sound, the safeguards which the fundamental laws of most countries and established international law have sought to provide for private property would be utterly worthless. Governments would be free to take private property far beyond or regardless of their ability or willingness to pay, and the owners thereof would be without recourse. This, of course, would be unadulterated confiscation.

As I stated to Your Excellency in my note of July 21, the Government of the United States cannot admit that any government may of its single will, whether through its municipal legislation or by pleading economic inability, abandon the recognized principle of international law requiring just compensation for the property of foreigners, whenever the purposes for which expropriation is undertaken may seem to that government desirable.

My Government considers that its own practice has amply demonstrated that it is the consistent friend of reform, that it has every sympathy with misfortune and need, and that it recognizes fully the necessities of the under-privileged. It cannot, however, accept the idea that these high objectives justify, or for that matter require, infringement on the law of nations or the upsetting of constitutionally recognized guarantees. The modern world furnishes many examples of nations which have effected major social reforms, under unusually difficult economic conditions, while complying with every rule of equity, fair-dealing and basic law. Many governments, like the Mexican Government, today face the necessity of planning, as the Mexican Government says it does, for social betterment and for political, social and economic stability. Is it

conceivable that in order to attain these desirable objectives it is necessary for governments to rest the entire undertaking on a policy of confiscation? Every sovereign nation is in possession of powers to regulate its internal affairs, to reorganize, when needful, its entire economic, financial, and industrial structure, and to achieve social ends by methods conforming with law.

Instead of using these recognized and orderly methods, the Government of Mexico in effect suggests that whenever special conditions or circumstances obtain in any one country, that country is entitled to expect all the other nations of the world to accept a change in the settled rules and principles of law, which are domestic quite as much as international, solely in order to assist the country in question to extricate itself from difficulties for which it is itself entirely responsible. Specifically, it is proposed to replace the rule of just compensation by the rule of confiscation. Adoption by the nations of the world of any such theory as that would result in the immediate breakdown of confidence and trust between nations, and in such progressive deterioration of international economic and commercial

relations as would imperil the very foundations of modern civilization. Human progress would be fatally set back.

The policy of expropriation of these lands without any payment as required by law and equity and justice, places this Government in a situation where it must either assert and maintain with all vigor the doctrine of just compensation, or else acquiesce in the repudiation and abolition of that doctrine. Obviously it cannot adopt the latter course. To do so would make it a party to an undermining of the integrity which should characterize the normal relations between all nations and their peoples.

The vital interest of all governments and of all peoples in this question and the imperative need of all countries to maintain unimpaired the structure of common justice embodied in international as well as in basic national law, lead me, particularly in view of the warm friendship existing between the two countries, to appeal most earnestly to the Mexican Government to refrain from persisting in a policy and example which, if generally pursued, would seriously jeopardize the interests of all peoples throughout the world.

III

The Mexican Government rejects the proposal of the Government of the United States that there be submitted to

arbitration, in the terms of the General Arbitration Treaty signed at Washington on January 5, 1929, the two following points: first, whether there has been compliance by the Government of Mexico with the rule of compensation as prescribed by international law in the case of American citizens whose farms and agrarian interests in Mexico have been expropriated by the Mexican Government since August 30, 1927, and second, if not, the amount of and terms under which compensation should be made by the Government of Mexico.

The Mexican Government sets forth as its reasons for rejecting the proposal of the United States for arbitration, its opinion that "arbitration should be reserved, as the same treaty of Washington establishes, for cases of irreducible difference in which the juridical principle under discussion or the act giving origin to the arbitration are of such a character that the two peoples at variance do not find any more obvious way of coming to an agreement". The Mexican Government continues by stating that, "Such is not the present case, for while it is true that

Mexico does not consider that payment of an indemnification for properties which the state expropriates on grounds of public utility is an invariable and universal rule of international law, it is also true that Article 27 of her Constitution ordains payment in such cases, and, therefore, the Mexican Government has never denied such obligation". "There is no subject matter", the Mexican Government continues by stating, "therefore, for the arbitration proposed". Your Excellency's Government concludes by stating its opinion that, "With respect to the conditions under which the said payment should be made, arbitration is likewise unnecessary and it would, furthermore, be improper under the terms of the Treaty of Washington since the procedures of execution for the carrying out of obligations already recognized by Mexico cannot be a subject for arbitration and would have to be established in accordance with her economic conditions, which cannot but be taken into account by a friendly people, nor can that be the subject for decision of an international court, which by attempting to impose a certain economic organization upon Mexico, would give

a death blow to her right to organize herself autonomously, the very basis of her sovereignty."

The Government of the United States is unable to acquiesce in the reasons so advanced for refusal to accept the proposed arbitration. It is quite true, as the Mexican Government states, that Article 27 of the Mexican Constitution orders payment in cases of expropriation for causes of public utility of private property by the Mexican Government. I need hardly remind Your Excellency, however, that such payments in the cases of the American nationals under consideration have not been made. The very provisions of the Mexican Constitution and of the Mexican laws referred to by the Government of Mexico with such satisfaction have already been negatived in practice. They would now seem to have been abrogated in practical effect by the contention set forth in your Government's last communication.

While this Government shares the view of the Mexican Government that arbitration should be reserved for cases in which the two countries in conflict can find no other way of reaching an agreement, I may here appropriately quote the first paragraph of Article 1 of the Treaty of Inter-American

Arbitration, which has been suggested by the United States as an appropriate vehicle for the friendly and impartial solution of our differences and which reads as follows:

> "The High Contracting Parties bind themselves to submit to arbitration all differences of an international character which have arisen or may arise between them by virtue of a claim of right made by one against the other under treaty or otherwise, which it has not been possible to adjust by diplomacy and which are juridical in their nature by reason of being susceptible of decision by the application of the principles of law."

I find it necessary emphatically to state that, after many years of patient endeavor on the part of this Government to obtain just satisfaction for these claims without success, the Government of the United States has regretfully reached the conclusion that it is impossible to adjust them by diplomacy. Since they are obviously susceptible of decision by the application of principles of law, it believes that the proposed arbitration is the appropriate and friendly method of solution. Nor can this Government admit that the determination by arbitration of the "amount of and terms under which compensation should be made by the Government of Mexico" is a matter which in

any sense impairs the autonomy of Mexico. An agreement to arbitrate on the part of sovereign nations like [any] most treaty as, for example, the Inter-American Treaty of Arbitration itself, ratified by both Mexico and the United States, is a voluntary limitation of the exercise of sovereignty by acceptance of principles of justice, fair-dealing and law. Indeed, the highest attribute of sovereignty is the power to make just such agreements. It is exactly in this manner that civilization has advanced.

Article 1 of the Inter-American Treaty of Arbitration specifies, as questions arising between the American nations which are susceptible to the proposed arbitration: "(b) Any question of international law; (c) The existence of any fact which, if established, would constitute a breach of an international obligation."

The Government of the United States maintains that in the treatment accorded its nationals by the Government of Mexico, as set forth in my note of July 21, the Government of Mexico has disregarded the universally recognized principles of international law, and that its failure to make

adequate, prompt, and effective payment for properties expropriated constitutes the breach of an international obligation. It follows that the controversy which has thus arisen is not one which the Mexican Government can refuse to arbitrate upon the ground that its economic situation impedes it from abiding by the principles of international law, or upon the ground that its municipal legislation provides for a different procedure. My Government, therefore, in the most friendly spirit urges the Mexican Government to reconsider the position which it has taken and to agree to submit to the proposed arbitration the questions at issue between the two Governments, as formulated in my note to Your Excellency of July 21.

IV

The Mexican Government refers to the fact that, when it undertook suspension of the payment of its agrarian debt, the measure affected equally Mexicans and foreigners. It suggests that if Mexico had paid only the latter to the exclusion of its nationals, she would have violated a rule

of equity. In that connection the Mexican Government refers to Article 9 of the Convention signed at the Seventh Pan American Conference, which says: "The jurisdiction of states within the limits of national territory applies to all the inhabitants. Nationals and foreigners are under the same protection of the law and the national authorities and the foreigners may not claim rights other or more extensive than those of the nationals."

Your Excellency's Government intimates that a demand for unequal treatment is implicit in the note of the Government of the United States, since my Government is aware that Mexico is unable to pay indemnity immediately to all of those affected by her agrarian reform and yet it demands payment to expropriated landowners who are nationals of the United States. This, it is suggested, is a claim of special privilege which no one is receiving in Mexico.

I must definitely dissent from the opinions thus expressed by the Government of Mexico. The Government of the United States requests no privileged treatment for its nationals residing in Mexico. The present Government of the

United States has on repeated occasions made it clear that it would under no circumstances request special or privileged treatment for its nationals in the other American republics, nor support any claim of such nationals for treatment other than that which was just, reasonable, and strictly in harmony with the generally recognized principles of international law.

The doctrine of equality of treatment, like that of just compensation, is of ancient origin. It appears in many constitutions, bills of rights and documents of international validity. The word has invariably referred to equality in lawful rights of the person and to protection in exercising such lawful rights. There is now announced by your Government the astonishing theory that this treasured and cherished principle of equality, designed to protect both human and property rights, is to be invoked, not in the protection of personal rights and liberties, but as a chief ground of depriving and stripping individuals of their conceded rights. It is contended, in a word, that it is wholly justifiable to deprive an individual of his rights if all other persons are equally deprived, and if no victim

is allowed to escape. In the instant case it is contended that confiscation is so justified. The proposition scarcely requires answer. In addition, it must be observed that the claimants in these expropriation cases did not seek to become creditors of the Mexican Government. They were forced into that position by the act of Mexico herself.

It may be noted in passing that the claim here made on behalf of American nationals is, in substance, similar to the claims which Mexican nationals have against their own Government under the Mexican Constitution adverted to by Your Excellency's Government. It is, of course, the privilege of a Mexican national to decline to assert such claim, as it is the power of the Mexican Government to decline to give it effect; but such action on the part of Mexico or her nationals cannot be construed to mean that American nationals are claiming any position of privilege. The statement in your Government's note to the effect that foreigners who voluntarily move to a country not their own assume, along with the advantages which they may seek to enjoy, the risks to which they may be exposed

and are not entitled to better treatment than nationals of the country, presupposes the maintenance of law and order consistent with principles of international law; that is to say, when aliens are admitted into a country the country is obligated to accord them that degree of protection of life and property consistent with the standards of justice recognized by the law of nations. Actually, the question at issue raises no possible problem of special privilege. The plain question is whether American citizens owning property in Mexico shall be deprived of their properties and, in many instances, their very livelihood, in clear disregard of their just rights. It is far from legitimate for the Mexican Government to attempt to justify a policy which in essence constitutes bald confiscation by raising the issue of the wholly ~~in~~ unrelated applicable doctrine of equality.

V

The Government of Mexico, in the note under reply, suggests the existence of a number of subsidiary questions. Included in these are questions of the legality of the

titles to expropriated property; and considerations of law, equity and valuation arising in individual cases, presenting the problem whether certain claims are just, in whole or in part, and what the amount of certain claims should be. Until the principle of just compensation has been recognized, these subsidiary questions need not be considered. My Government has repeatedly stated that it sought just and not unjust compensation so far as amount was concerned; and that it would support only just and not unjust claims so far as the law and equity of each claim was concerned. But since the Mexican Government has challenged the doctrine of just compensation and proposes to substitute for it, to all intents and purposes, the theory of confiscation, the merits of this fundamental issue must be determined before any others can be considered. It is beside the question to discuss the merits of any claim, or the titles or equities involved, or the facts and factors pertaining to valuation. Once the principle of just compensation is accepted, these become matters relevant to the problem of payment. Until then, their discussion is fruitless.

VI

In concluding the note now under acknowledgment, the Mexican Government invites the Government of the United States "to appoint a representative, so that together with the representative whom my Government would designate, they may fix, within a brief period of time, the value of the properties affected and the manner of payment." The Mexican Government states that it considers such proposal the execution in part of a "general plan for the carrying out of her obligations in this respect, both in favor of nationals and foreigners", and asserts its willingness to begin at once the discussion of the terms of this arrangement. In effect, the Government of Mexico now proposes to talk about the valuation of some of the lands of American citizens seized by the Mexican Government in recent years. Yet we have held conversations with regard to payment for many years without result. Seemingly, the Mexican Government proposes to continue the policy of taking property without payment, while continuing discussions of past takings.

In tendering the proposal so made, is the Government

of Mexico prepared to agree that no further taking will take place without payment?

Can it hold out any reasonable measures of certainty that a determination of the value of the properties affected and of the manner of payment for them can be had "within a brief period of time"? Pending the reaching of an agreement between the commissioners on all of these points, will the Government of Mexico set aside sufficient cash in order to assure prompt payment in accordance with the terms of the agreement so reached? Is the Government of Mexico prepared to offer satisfactory commitments on these two points?

In the light of its experience in the unfruitful negotiations held with the Mexican Government in recent years on these subjects, my Government believes that, unless the Government of Mexico offers satisfactory commitments on these essential matters, acceptance of the suggestion of the Mexican Government would merely result in discussions which would continue over a period of many years, and which would not achieve that equitable and satisfactory solution which both Governments are assumed to desire. This would assuredly not be the

case were resort had to arbitration.

VII

My Government, in its desire to expedite and to facilitate a fair solution of this question in every possible and proper manner, without, however, in any way altering its position as above set forth, will be willing, should the Government of Mexico refuse to agree to resort to arbitration as hereinbefore proposed, to reiterate the proposal contained in its communication to Your Excellency under date of June 29. Your Excellency will recall that to that communication was attached an itemized list of the claims of American property owners referred to in my note of July 21. It was then suggested that the amount of compensation, together with any subsidiary questions such as the extent of the area expropriated, be determined by agreement by two commissioners, one appointed by the Government of Mexico, the other by the Government of the United States, and that, in the event of disagreement between the two commissioners regarding the amount of compensation due in any case, or of any other question necessary for a determination of value, these

questions be decided by a sole arbitrator selected by the Permanent Commission at Washington provided for by the so-called Gondra Treaty, signed at Santiago, May 3, 1923, to which both our Governments are parties. It was likewise suggested that in order to advance a settlement of the matter, the Governments of Mexico and of the United States name immediately their respective commissioners and request the Permanent Commission to name concurrently the sole arbitrator. This Government further proposed that as an indispensable part of the act of expropriation and compensation, the Government of Mexico should set aside monthly in escrow in some agreed upon depository a definite amount for the exclusive purpose of making compensation for expropriated property as and when definite determinations of value have been arrived at in each case; and that should the determinations of compensation show a reduction from the amounts now claimed, the monthly deposits would be scaled down accordingly.

If the Government of Mexico, as would unfortunately seem to be the case from the contents of the note now under

acknowledgment, is unwilling to admit that the universally recognized principles of international law, as well as the principles of equity and justice, require prompt, adequate, and effective compensation for the properties of American citizens, chiefly farms of moderate size, expropriated by the Mexican Government since August 30, 1927, it would surely seem to be appropriate and fitting, and strictly within the purview of the obligations contracted by both countries under the terms of the Treaty of Inter-American Arbitration, for the Governments of Mexico and of the United States to submit this controversy to arbitration in the manner suggested in my note of July 21. If, on the other hand, the Government of Mexico persists in its refusal to arbitrate the question, and yet desires to find an equitable and friendly solution to the question as indicated in the last portion of the note of the Mexican Government of August 3, the most practical evidence of the desire of the Mexican Government to find a fair, friendly and impartial solution would surely be demonstrated by its willingness to accept the proposal contained in the communication of this Govern-

ment of June 29, and now hereinbefore reiterated. In either such case, my Government feels justified in requesting that, during the proposed arbitration, or during the proposed settlement suggested in the communication of June 29, the Mexican Government should agree that no further taking of the properties of American nationals shall take place unless accompanied by arrangements for adequate, prompt and effective payment.

In conclusion, may I say to Your Excellency that this Government has on repeated occasions made manifest its most sincere desire to pursue a policy of intimate and friendly cooperation with the Government of Mexico because of its conviction that the interests of the two nations, as well as the interests of inter-American friendship and solidarity, would thereby be advanced. It is the hope of this Government that it may be able to continue on that course. When two neighbors like Mexico and the United States, jointly desirous of maintaining and of perfecting their friendship, find that differences arise between them which can unfortunately not be solved by direct negotiations, it is the belief of this Government

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that the submission of such questions as rapidly as may be possible to an impartial arbitration is the policy required by good neighborliness. I, therefore, express the very earnest hope of the Government of the United States that the Government of Mexico may speedily indicate its willingness to accede to one of the two alternative proposals above presented.

Accept, Excellency, the renewed assurances of my highest consideration.

File Private Confidential

PS F Mexico

DEPARTMENT OF STATE
WASHINGTON

[August 1938?]

Excellency:

I have the honor to acknowledge the receipt of the Mexican Government's note of August 3 last delivered to the Ambassador of the United States in Mexico City, which note was intended to be a reply to my note of July 21 addressed to Your Excellency.

I

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Ambassador of Mexico.

I further stated, "The taking of property without compensation is not expropriation. It is confiscation. It is no less confiscation because there may be an expressed intent to pay at some time in the future."

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My Government had in mind that the doctrine of just compensation for property taken originated long in advance of international law. Beyond doubt the question first arose when one person sought to take the property of another. Civilized society determined that common justice required that it be paid for. One nation after another decided that it was fair and reasonable, equitable and right, to accompany a taking of property by payment of just compensation. In due time the nations of the world accepted this as a sound basic rule of fair play and fair dealing. Today, it

is embodied in the constitutions of most countries of the world, and of every republic of the American continent; and has been carried forward as an international doctrine in the universally recognized law of nations. There is, indeed, no mystery about international law. It is nothing more than the recognition between nations of ordinary rules of right and fair-dealing which nations uphold among their own citizens, and which are essential for peaceful intercourse.

In the reply of Your Excellency's Government now under acknowledgment the Government of Mexico states that it maintains "that there is in international law no rule universally accepted in theory nor carried out in practice, which makes obligatory the payment of immediate compensation, nor even of deferred compensation, for expropriations of a general and impersonal character like those which Mexico has carried out for the purpose of the redistribution of the land." The Mexican Government further states that "there does not exist in international law any principle universally accepted by countries, nor by the writers of treatises on this subject, that would render obligatory the giving of adequate compensation for expropriations

of a general and impersonal character", and continues by declaring that while Mexico admits "in obedience to her own laws that she is indeed under obligation to indemnify in an adequate manner"****"the time and manner of such payment must be determined by her own laws" and that such assertion is "based on the most authoritative opinions of writers of treatises on international law."

My Government has received this contention on the part of the Government of Mexico, I feel it necessary to state with all candor, not only with surprise, but with profound regret.

Reduced to its essential terms, the contention asserted by the Mexican Government as set forth in its reply and as evidenced by its practices in recent years, is plainly this: that any government may, on the ground that its municipal legislation so permits, or on the plea that its financial situation makes prompt and adequate compensation onerous or impossible, seize properties owned by foreigners within its jurisdiction, utilize them for whatever purpose it sees fit, and refrain from providing effective payment therefor,

either at the time of seizure or at any assured time in the future.

I do not hesitate to maintain that this is the first occasion in the history of the western hemisphere that such a theory has been seriously advanced. In the opinion of my Government, the doctrine so proposed runs counter to the basic precepts of international law and of the law of every American republic, as well as to every principle of right and justice upon which the institutions of the American republics are founded. It seems to the Government of the United States a contention alien to the history, the spirit and the ideals of democracy as practiced throughout the independent life of all the nations of this continent.

If such a policy were to be generally followed, what citizen of one republic making his living in any of the other twenty republics of the western hemisphere could have any assurance from one day to the next that he and his family would not be evicted from their home and bereft of all means of livelihood? Under such conditions, what guarantees or security could be offered which would induce

the nationals of one country to invest savings in another country, or even to do ordinary business with the nationals of another country?

II

The fundamental issues raised by this communication from the Mexican Government are therefore, first, whether or not universally recognized principles of the law of nations require, in the exercise of the admitted right of all sovereign nations to expropriate private property, that such expropriation be accompanied by provision on the part of such government for adequate, effective, and prompt payment for the properties seized; second, whether any government may nullify principles of international law through contradictory municipal legislation of its own; or, third, whether such Government is relieved of its obligations under universally recognized principles of international law merely because its financial or economic situation makes compliance therewith difficult.

The Government of the United States merely adverts to a self-evident fact when it notes that the applicable precedents and recognized authorities on international law

support its declaration that, under every rule of law and equity, no government is entitled to expropriate private property, for whatever purpose, without provision for prompt, adequate, and effective payment therefor. In addition, clauses appearing in the constitutions of almost all nations today, and in particular in the constitutions of the American republics, embody the principle of just compensation. These, in themselves, are declaratory of the like principle in the law of nations.

The universal acceptance of this rule of the law of nations, which, in truth, is merely a statement of common justice and fair-dealing, does not in the view of this Government admit of any divergence of opinion. Merely as one of many examples of enlightened authoritative opinion of present times upon this subject, I cite the following authority as a pertinent example.

In 1903 in the arbitration of the Selwyn case which had arisen between the Governments of Great Britain and Venezuela, the umpire in the case stated: "The fundamental ground of this claim as presented is that the claimant was deprived of valuable rights, of moneys, properties, property and rights

of property by an act of the Government which he was powerless to prevent and for which he claims reimbursement. This act of the Government may have proceeded from the highest reasons of public policy and with the largest regard for the state and its interests; but when from the necessity or policy of the Government it appropriates or destroys the property or property rights of an alien it is held to make full and adequate recompense therefor."

With regard to the further fundamental issues presented in the reply of Your Excellency's Government, the Mexican Government now advances the surprising contention that it may expropriate property and pay therefor, insofar as its economic circumstances and its local legislation permit, but that if these circumstances and legislation do not make possible the payment of compensation, it can still take the property. If this theory were sound, the safeguards which the fundamental laws of most countries and established international law have sought to provide for private property would be utterly worthless. Governments would be free to take private property far beyond or regardless of their ability or willingness to pay, and the owners thereof would be without recourse. This, of course, would be unadulterated confiscation.

As I stated to Your Excellency in my note of July 21, the Government of the United States cannot admit that any government may of its single will, whether through its municipal legislation or by pleading economic inability, abandon the recognized principle of international law requiring just compensation, whenever the purposes for which expropriation is undertaken may seem to that government desirable.

My Government considers that its own practice has amply demonstrated that it is the consistent friend of reform, that it has every sympathy with misfortune and need, and that it recognizes fully the necessities of the under-privileged. It cannot, however, accept the idea that these high objectives justify, or for that matter require, infringement on the law of nations or the upsetting of constitutionally recognized guarantees. The modern world furnishes many examples of nations which have effected major social reforms, under unusually difficult economic conditions, while complying with every rule of equity, fair-dealing and basic law. Many governments, like the Mexican Government, today face the necessity of planning, as the Mexican Government says it does, for social betterment and for political, social and economic stability. Is it

conceivable that in order to attain these desirable objectives it is necessary for governments to rest the entire undertaking on a policy of confiscation? Every sovereign nation is in possession of powers to regulate its internal affairs, to reorganize, when needful, its entire economic, financial, and industrial structure, and to achieve social ends by methods conforming with law.

Instead of using these recognized and orderly methods, the Government of Mexico in effect suggests that whenever special conditions or circumstances obtain in any one country, that country is entitled to expect all the other nations of the world to accept a change in the settled rules and principles of law, which are domestic quite as much as international, solely in order to assist the country in question to extricate itself from difficulties which it has of its own volition created. Specifically, it is proposed to replace the rule of just compensation by the rule of confiscation. Adoption by the nations of the world of any such theory as that would result in the immediate breakdown of confidence and trust between nations, and in such progressive deterioration of international economic and commercial relations as would imperil the very foundations of modern civilization. Human progress would be fatally set back.

The policy of expropriation of these lands without any payment as required by law and equity and justice, places this Government in a situation where it must either protest with all vigor, or else acquiesce in the repudiation and abolition in this important instance of the whole doctrine of just compensation. Obviously it cannot possibly acquiesce. If it did so acquiesce it would be party to undermining the moral and business integrity which should characterize the normal relations between all nations.

The vital interest of all governments and of all peoples in this question and the imperative need of all countries to maintain unimpaired the structure of common justice embodied in international as well as in basic national law, lead me, particularly in view of the warm friendship existing between the two countries, to appeal most earnestly to the Mexican Government to refrain from persisting in a policy and example which, if pursued, will seriously jeopardize the interests of all peoples throughout the world.

III

The Mexican Government rejects the proposal of the Government of the United States that there be submitted to

arbitration, in the terms of the General Arbitration Treaty signed at Washington on January 5, 1929, the two following points: first, whether there has been compliance by the Government of Mexico with the rule of compensation as prescribed by international law in the case of American citizens whose farms and agrarian interests in Mexico have been expropriated by the Mexican Government since August 30, 1927, and, second, if not, the amount of and terms under which compensation should be made by the Government of Mexico.

The Mexican Government sets forth as its reasons for rejecting the proposal of the United States for arbitration, its opinion that "arbitration should be reserved, as the same treaty of Washington establishes, for cases of irreducible difference in which the juridical principle under discussion or the act giving origin to the arbitration are of such a character that the two peoples at variance do not find any more obvious way of coming to an agreement". The Mexican Government continues by stating that,

"Such is not the present case, for while it is true that Mexico does not consider that payment of an indemnification for properties which the state expropriates on grounds of public utility is an invariable and universal rule of international law, it is also true that Article 27 of her Constitution ordains payment in such cases, and, therefore, the Mexican Government has never denied such obligation". "There is no subject matter", the Mexican Government continues by stating, "therefore, for the arbitration proposed". Your Excellency's Government concludes by stating its opinion that, "With respect to the conditions under which the said payment should be made, arbitration is likewise unnecessary and it would, furthermore, be improper under the terms of the Treaty of Washington since the procedures of execution for the carrying out of obligations already recognized by Mexico cannot be a subject for arbitration and would have to be established in accordance with her economic conditions, which cannot but be taken into account by a friendly people, nor can that be the subject for decision of an international court, which by attempting to impose a certain economic organization upon Mexico,

would give a death blow to her right to organize herself autonomously, the very basis of her sovereignty."

The Government of the United States is unable to acquiesce in the reasons so advanced for refusal to accept the proposed arbitration. It is quite true, as the Mexican Government states, that Article 27 of the Mexican Constitution orders payment in cases of expropriation for causes of public utility of private property by the Mexican Government. I need hardly remind Your Excellency, however, that such payments in the cases of the American nationals under consideration have not been made. The very provisions of the Mexican Constitution and of the Mexican laws referred to by the Government of Mexico with such satisfaction have already been negatived in practice. They would now seem to have been abrogated in practical effect by the contention set forth in your Government's last communication.

While this Government shares the view of the Mexican Government that arbitration should be reserved for cases in which the two countries in conflict can find no other way of reaching an agreement, I may here appropriately quote the first paragraph of Article 1 of the Treaty of Inter-American

Arbitration, which has been suggested by the United States as an appropriate vehicle for the friendly and impartial solution of our differences and which reads as follows:

> "The High Contracting Parties bind themselves to submit to arbitration all differences of an international character which have arisen or may arise between them by virtue of a claim of right made by one against the other under treaty or otherwise, which it has not been possible to adjust by diplomacy and which are juridical in their nature by reason of being susceptible of decision by the application of the principles of law."

I find it necessary emphatically to state that, after many years of patient endeavor on the part of this Government to obtain just satisfaction for these claims without success, the Government of the United States has regretfully reached the conclusion that it is impossible to adjust them by diplomacy. Since they are obviously susceptible of decision by the application of principles of law, it believes that the proposed arbitration is the appropriate and friendly method of solution. Nor can this Government admit that the determination by arbitration of the "amount of and terms under which compensation should be made by the Government of Mexico" is a matter which in

any sense impairs the autonomy of Mexico. Arbitration on the part of sovereign nations like any treaty as, for example, the Inter-American Treaty of Arbitration itself, ratified by both Mexico and the United States, is a voluntary limitation of the exercise of sovereignty by acceptance of principles of justice, fair-dealing and law. Indeed, the highest attribute of sovereignty is the power to make just such agreements. It is exactly in this manner that civilization has advanced.

Article 1 of the Inter-American Treaty of Arbitration specifies, as questions arising between the American nations which are susceptible to the proposed arbitration: "(b) Any question of international law; (c) The existence of any fact which, if established, would constitute a breach of an international obligation."

The Government of the United States maintains that in the treatment accorded its nationals by the Government of Mexico, as set forth in my note of July 21, the Government of Mexico has disregarded the universally recognized principles of international law, and that its failure to make

adequate, prompt, and effective payment for properties expropriated constitutes the breach of an international obligation. It follows that the controversy which has thus arisen is not one which the Mexican Government can refuse to arbitrate upon the ground that its economic situation impedes it from abiding by the principles of international law, or upon the ground that its municipal legislation provides for a different procedure. My Government, therefore, in the most friendly spirit urges the Mexican Government to reconsider the position which it has taken and to agree to submit to the proposed arbitration the questions at issue between the two Governments, as formulated in my note to Your Excellency of July 21.

IV

The Mexican Government refers to the fact that, when it undertook suspension of the payment of its agrarian debt, the measure affected equally Mexicans and foreigners. It suggests that if Mexico had paid only the latter to the exclusion of its nationals, she would have violated a rule of equity. In that connection the Mexican Government

refers to Article 9 of the Convention signed at the Seventh Pan American Conference, which says: "The jurisdiction of the states within the limits of national territory applies to all the inhabitants; nationals and foreigners are under the same protection of the law and the national authorities and the foreigner may not claim rights other or more extensive than those of the nationals."

Your Excellency's Government intimates that a demand for unequal treatment is implicit in the note of the Government of the United States, since my Government is aware that Mexico is unable to pay indemnity immediately to all of those affected by her agrarian reform and yet it demands payment to expropriated landowners who are nationals of the United States. This, it is suggested, is a claim of special privilege which no one is receiving in Mexico.

I must definitely dissent from the opinions thus expressed by the Government of Mexico. The Government of the United States requests no privileged treatment for its nationals residing in Mexico. The present Government of the United

States has on repeated occasions made it clear that it would under no circumstances request special or privileged treatment for its nationals in the other American republics, nor support any claim of such nationals for treatment other than that which was just, reasonable, and strictly in harmony with the generally recognized principles of international law.

The doctrine of equality of treatment, like that of just compensation, is of ancient origin. It appears in many constitutions, bills of rights and documents of international validity. The word has invariably referred to equality in lawful rights of the person and to protection in exercising such lawful rights. There is now announced by your Government the astonishing theory that this treasured and cherished principle of equality, designed to protect both human and property rights, is to be invoked, not in the protection of personal rights and liberties, but as a chief ground of depriving and stripping individuals of their conceded rights. It is contended, in a word, that it is wholly justifiable to deprive an individual of his rights if all other persons are equally deprived, and if no victim

is allowed to escape. In the instant case it is contended that confiscation is so justified. The proposition scarcely requires answer. In addition, it must be observed that the claimants in these expropriation cases did not seek to become creditors of the Mexican Government. They were forced into that position by the act of Mexico herself.

It may be noted in passing that the claim here made on behalf of American nationals is, in substance, similar to the claims which Mexican nationals have against their own Government under the Mexican Constitution adverted to by Your Excellency's Government. It is, of course, the privilege of a Mexican national to decline to assert such claim, as it is the power of the Mexican Government to decline to give it effect; but such action on the part of Mexico or her nationals cannot be construed to mean that American nationals are claiming any position of privilege. The statement in your Government's note to the effect that foreigners who voluntarily move to a country not their own assume, along with the advantages which they may seek to enjoy, the risks to which they may be exposed

and are not entitled to better treatment than nationals of the country, presupposes the maintenance of law and order consistent with principles of international law, that is to say, when aliens are admitted into a country the country is obligated to accord them that degree of protection of life and property consistent with well recognized standards of civilized states. Actually, the question at issue raises no possible problem of special privilege. The plain question is whether American citizens owning property in Mexico shall be deprived of their properties and, in many instances, their very livelihood, in clear disregard of their just rights. It would seem far from legitimate for the Mexican Government to attempt to justify a policy which in essence constitutes bald confiscation by raising the issue of the wholly inapplicable doctrine of equality.

V

The Government of Mexico, in the note under reply, suggests the existence of a number of subsidiary questions, Included in these are questions of the legality of the

titles to expropriated property; and considerations of law, equity and valuation arising in individual cases, presenting the problem whether certain claims are just, in whole or in part, and what the amount of certain claims should be. Until the principle of just compensation has been recognized, these subsidiary questions need not be considered. My Government has repeatedly stated that it sought just and not unjust compensation so far as amount was concerned; and that it would support only just and not unjust claims so far as the law and equity of each claim was concerned. But since the Mexican Government has challenged the doctrine of just compensation and proposes to substitute for it, to all intents and purposes, the theory of confiscation, the merits of this fundamental issue must be determined before any others can be considered. It is beside the question to discuss the merits of any claim, or the titles or equities involved, or the facts and factors pertaining to valuation. Once the principle of just compensation is accepted, these become matters relevant to the problem of payment. Until then, their discussion is fruitless.

VI

In concluding the note now under acknowledgment, the Mexican Government invites the Government of the United States "to appoint a representative, so that together with the representative whom my Government would designate, they may fix, within a brief period of time, the value of the properties affected and the manner of payment." The Mexican Government states that it considers such proposal the execution in part of a "general plan for the carrying out of her obligations in this respect, both in favor of nationals and foreigners", and asserts its willingness to begin at once the discussion of the terms of this arrangement. In effect, the Government of Mexico now proposes to talk about the valuation of some of the lands of American citizens seized by the Mexican Government in recent years. Yet we have held conversations with regard to payment for many years without result. Seemingly, the Mexican Government proposes to continue the policy of taking property without payment, while continuing discussions of past takings.

In tendering the proposal so made, is the Government

of Mexico prepared to agree that no further taking will take place without payment?

Can it hold out any reasonable measures of certainty that a determination of the value of the properties affected and of the manner of payment for them can be had "within a brief period of time"? Pending the reaching of an agreement between the Commissioners on all of these points, will the Government of Mexico set aside sufficient cash in order to assure prompt payment in accordance with the terms of the agreement so reached? Is the Government of Mexico prepared to offer satisfactory commitments on these two points?

Because of its inability to see that the proposal offered by the Mexican Government contains any assurances whatever on these essential matters, my Government believes that acceptance of the suggestion of the Mexican Government, would merely result in discussions which would continue over a period of many years, and which would not achieve that equitable and satisfactory solution which both Governments are assumed to desire. This would assuredly not be the

case were resort had to arbitration.

VII

My Government, in its desire to expedite and to facilitate a fair solution of this question in every possible and proper manner, without, however, in any way altering its position as above set forth, will be willing, should the Government of Mexico refuse to agree to resort to arbitration as hereinbefore proposed, to reiterate the proposal contained in its communication to Your Excellency under date of June 29. Your Excellency will recall that to that communication was attached an itemized list of the claims of American property owners referred to in my note of July 21. It was then suggested that the amount of compensation, together with any subsidiary questions such as the extent of the area expropriated, be determined by agreement by two commissioners, one appointed by the Government of Mexico, the other by the Government of the United States, and that, in the event of disagreement between the two commissioners regarding the amount of compensation due in any case, or of any other question necessary for a determination of value, these

questions be decided by a sole arbitrator selected by the Permanent Commission at Washington provided for by the so-called Gondra Treaty, signed at Santiago, May 3, 1923, to which both our Governments are parties. It was likewise suggested that in order to advance a settlement of the matter, the Governments of Mexico and of the United States name immediately their respective commissioners and request the Permanent Commission to name concurrently the sole arbitrator. This Government further proposed that as an indispensable part of the act of expropriation and compensation, the Government of Mexico should set aside monthly in escrow in some agreed upon depository a definite amount for the exclusive purpose of making compensation for expropriated property as and when definite determinations of value have been arrived at in each case; and that should the determinations of compensation show a reduction from the amounts now claimed, the monthly deposits would be scaled down accordingly.

If the Government of Mexico, as would unfortunately seem to be the case from the contents of the note now under

acknowledgment, is unwilling to admit that the universally recognized principles of international law, as well as the principles of equity and justice, require prompt, adequate and effective compensation for the properties of American citizens, chiefly farms of moderate size, expropriated by the Mexican Government since August 30, 1927, it would surely seem to be appropriate and fitting, and strictly within the purview of the obligations contracted by both countries under the terms of the Treaty of Inter-American Arbitration, for the Governments of Mexico and of the United States to submit this controversy to arbitration in the manner suggested in my note of July 21. If, on the other hand, the Government of Mexico persists in its refusal to arbitrate the question, and yet desires to find an equitable and friendly solution to the question as indicated in the last portion of the note of the Mexican Government of August 3, the most practical evidence of the desire of the Mexican Government to find a fair, friendly and impartial solution would surely be demonstrated by its willingness to accept the proposal contained in the communication of this Govern-

ment of June 29, and now hereinbefore reiterated. In either such case, my Government feels justified in insisting that, during the proposed arbitration, or during the proposed settlement suggested in the communication of June 29, the Mexican Government should agree that no further taking of the properties of American nationals without simultaneous compensation shall take place.

In conclusion, may I say to Your Excellency that this Government has on repeated occasions made manifest its most sincere desire to pursue a policy of intimate and friendly cooperation with the Government of Mexico because of its conviction that the interests of the two nations, as well as the interests of inter-American friendship and solidarity, would thereby be advanced. It is the hope of this Government that it may be able to continue on that course. When two neighbors like Mexico and the United States, jointly desirous of maintaining and perfecting their friendship, find that differences arise between them which can unfortunately not be solved by direct negotiations, it is the belief of this Government

that the submission of such questions as rapidly as may be possible to an impartial arbitration is the policy required by good neighborliness. I, therefore, express the very earnest hope of the Government of the United States that the Government of Mexico may speedily indicate its willingness to accede to one of the two alternative proposals above presented.

Accept, Excellency, the renewed assurances of my highest consideration.

PSF: Mexico
file personal

México, D. F., September 21, 1938.

Personal

Dear Franklin:

I have thought much about you in the recent days when the primaries for United States senatorships have occupied much space in the press. As a journalist, devoted to my profession, I am disturbed at the departure of big papers from the old standards. If the man from Mars should visit our country, and depended upon what he read in our large journals, he would be unable to understand the true political situation in the United States. He would believe every New Deal candidate had been defeated, and all of your policies repudiated. Of course, he would learn better after he mingled with the people.

I had hoped the Governor of South Carolina and David Lewis would develop more strength than they did. But you and I have seen the impossibility of winning without long planned organization and with candidates possessed with little personal appeal. An issue needs to be incarnated in a personality with winning power. We lacked that in South Carolina and Maryland. But we are no worse off in the Senate than before. If the opposition newspapers were fair they would show that we won in Kentucky, Ohio, New Jersey, Pennsylvania, North Carolina, Arkansas, Oklahoma, Utah, Florida, Tennessee, Alabama, etc. That will only come to light when the Senate meets in January.

I was glad you differentiated between the real progressives and the "Yes - but" men. But may I not suggest as good a yardstick? There are old-time conservatives who sincerely oppose new methods, and are ready to

forego

The Honorable

Franklin D. Roosevelt,

The White House,

Washington, D. C.

forego improvements because they do not conform to their conviction that the least government is the best. They are far removed from those who use the term "conservatives" to hide their subserviency to utility companies and other special interests. The best yardstick, therefore, to be applied is, "How did he vote when the issue was clear-cut in curbing the utility racketeering"? The men who voted with the utility and other special interests are seeking to lay the foundations for a National Convention in 1940 that will give us as nominee a John W. Davis or Alton B. Parker model. If they could succeed - they cannot - the nominee would run a poor third, receiving fewer electoral votes than Davis or Parker or Smith. The Democratic Party must be progressively and militantly liberal, or meet the fate of the whig party. For me that is as plain as a pike-staff, and that is why I say "Bravo" to your courageous efforts to defeat or expose those who would rather see the party lose than to successfully oppose privilege. There are always some moss-back Southerners who are well content to control their States and secure their election to the United States Senate with a Republican in the White House. I could name some of that gentry! Such Senators under that set-up have little to do and no responsibility, and thus live politically on Easy Street.

I was made glad to-day to learn that John O'Connor was defeated for the Democratic nomination. That is a notable victory. His nomination as a Republican does two things - puts him where he really belongs, and insures that if he should be elected he must take his seat on the Republican side and we will be rid of him as the obstructing Chairman of the Committee on Rules. "For that, all thanks"!

I commend to you as an offset to the criticism of a reactionary press these words of Brougham:

> "The true test of a great man - that, at least, which must secure his place among the highest order of great men - is his having been in advance of his age".

My wife sends love to Eleanor.

Affectionately,

Josephus Daniels

PSF: Mexico

EMBASSY OF THE
UNITED STATES OF AMERICA

México, D. F., September 29, 1938.

AIR MAIL

Personal and
[redacted]

My dear Mr. President:

Upon receipt of your suggestion that diplomats on this hemisphere deliver a copy of the cable you had sent to Hitler, Benes, Daladier and Chamberlain, and your hope that heads of other countries in Pan America join in emphasizing the "supreme importance of foregoing the use of force in settling the dispute now at issue", I visited General Hay, the Foreign Minister, who took the suggestions up with President Cárdenas, and who sent an urgent appeal along the line of your message. It was as follows:

> "In accord with the sentiment of the Mexican people, I consider it my duty to appeal in the most sincere manner possible to the serene judgment of Your Excellency to the end that a conflagration may be avoided, since I think that in these actual moments nations should consecrate their energies to the realization of propositions of social justice and general welfare, and that war will not benefit any nation which may be involved in armed conflict.

"The

The Honorable

Franklin D. Roosevelt,

The White House,

Washington, D. C.

"The people of Mexico and my Government hope that humanitarian sentiments will prevail over any other consideration, however justified it might be, and trust that Your Excellency will receive this message in the same spirit in which it was inspired".

Undersecretary Beteta informed me that President Cárdenas has in mind a letter that would present practical ideas looking to effective steps by countries of this hemisphere to prevent or lessen the destruction of war.

This morning Undersecretary Beteta called at the Embassy and discussed at some length the views which are contained in the note addressed to me and the communication to you, which he asked me to transmit. I am appending a translation of both notes so you will have the original of his message to you as well as the translation.

In his discussion of the suggestions contained in the confidential letter of President Cárdenas, which will <u>not</u> be given out for publication, Mr. Beteta said that he wished you to feel free to hold the letter as confidential, or to make such disposition of it now, or in the future, as in your judgment seemed best. Mr. Beteta said that President Cárdenas emphasized the request that I convey to you his deep and sincere agreement with your devotion to peace, and his readiness to join at any time in any sacrifice to promote the goal of settling disputes by reason and conciliation instead of resorting to the arbitrament of war. Mr. Beteta said his country was ready

to

to make every sacrifice, and maintained that, though Germany now afforded a market for oil which Mexico must sell, President Cárdenas would surrender that market in order to join with our country and other countries on this continent to present a solid front against war. Inasmuch as Mexican finances are not the best, Mr. Beteta stressed that this offer of sacrifice of needed revenue evidenced the sincere and earnest desire of President Cárdenas to give cooperative effort to avert the horrors of war.

In view of the sore need of Mexico for a market for the oil it is extracting, which Germany is supplying, there was a question in the minds of some whether President Cárdenas would be willing to send the message to Hitler. However, he did not hesitate, and Beteta says he stands ready to make even greater sacrifices, in cooperation with other American republics, to substitute reason for force. I am sure from my talks with President Cárdenas that the assurances he conveys come from a genuine admiration for the world and domestic policies you are pursuing, and hearty accord with your purposes.

Always with my high regards, I am,

Faithfully yours,

Josephus Daniels

Enclosures:

(TRANSLATION)

Personal Correspondence
of the
President of the United
Mexican States

Los Pinos, D. F.,
September 28, 1938.

His Excellency
Josephus Daniels,
Ambassador of the United States
in Mexico,
Mexico, D. F.

My dear Mr. Ambassador:

I wish to avail myself of the opportunity to forward through Your Excellency a communication which I have addressed on this date to His Excellency the President, Franklin D. Roosevelt, and I beg you to transmit it to him in the manner which you deem most appropriate.

I take this occasion to send you my deepest affection.

(Signed) Lázaro Cárdenas

[TRANSLATION]

United Mexican States
Presidency of the Republic

His Excellency Mr. Franklin D. Roosevelt,
President of the United States of America,
Washington, D. C.

I take pleasure in advising Your Excellency that I have on this date addressed Their Excellencies the President and Chancellor of Germany and the President of Czechoslovakia, appealing to their calmness to try to settle amicably the conflict which at this time is disturbing the life of those countries, since war can not benefit any of the nations which may find themselves involved in an armed conflict.

My Government has viewed sympathetically the high and humanitarian concepts contained in the message addressed by Your Excellency to the Chiefs of State of Germany and Czechoslovakia, and I can assure you that that whole Mexican people has applauded your attitude.

The Executive Office in my charge considers that the time is opportune to adopt an efficacious attitude based

based on the sound purpose of international cooperation in favor of the peace of the world, and thinks that nothing would be more effective than taking measures of a practical order to prevent the conflict from taking place, and such measures would be a joint action by the peoples of America, establishing, now, before the war, a boycott against the aggressor countries. In case it is not desired to pass judgment beforehand on the attitude of Germany the boycott would be established against the countries in conflict.

In harmony with this idea, Mexico could at once dispense with the German market for her raw materials, including petroleum, notwithstanding that it has been possible already to find an outlet for this product and the derivatives thereof in that country in very considerable quantities.

Mexico, within her possibilities, desires to cooperate with the other countries of America, and takes the liberty of proposing to Your Excellency a practical and effective effort to show her stand against war and would be prepared to prevent, immediately and in a radical and absolute manner, the countries which are on the point of war from obtaining the raw materials which Mexico produces and to dispense

with

with this source of income, which is so important for her economy for the sake of the high ideal of peace and democracy in the world, of which principles Your Excellency is the determined and sincere defender.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest and most distinguished consideration.

LÁZARO CÁRDENAS

DEPARTMENT OF STATE
WASHINGTON

October 7, 1938.

My dear Mr. President:

I take pleasure in enclosing at the request of Ambassador Daniels a letter addressed to you by him, together with its enclosures, including the original of an undated letter to you from President Cárdenas of Mexico, stating that he had appealed to the President and Chancellor of Germany and to the President of Czechoslovakia to find a friendly solution of their difficulties. President Cárdenas also indicates a disposition not to continue to furnish petroleum products and other raw materials to aggressor nations.

Ambassador Daniels in his letter to you reports that the Mexican Under Secretary for Foreign Affairs has advised him the question of giving or withholding publication, now or in the future, of the letter addressed to you by President Cárdenas is left to your decision.

I

The President,

The White House.

I believe, however, it would be advisable in the event any publicity is given to the matter at this time, that reference be made only to the fact that the President of Mexico communicated in the sense indicated with Chancellor Hitler and President Benes.

For your possible convenience there is also enclosed, for your signature if you approve, a draft of a suggested reply to President Cárdenas. Upon the receipt of your signed acknowledgment, I shall take pleasure in sending it to Ambassador Daniels for forwarding to President Cárdenas.

Faithfully yours,

Enclosures:

1. Letter to President from Ambassador Daniels, with enclosures.
2. Draft of a suggested reply to President Cárdenas.

My dear Mr. President:

I was deeply gratified to receive, through Ambassador Daniels, the letter which you were good enough to send me on September 28 and in which you informed me of the messages which you had sent to the Chancellor of Germany and to the President of Czechoslovakia appealing to them to solve the controversy which had arisen between the two nations by pacific means.

I think there have been few developments during latter years which have been more highly significant than the unanimity displayed by all of the American republics in urging that the recent controversy in Europe be solved through negotiation and not by force. The consistent policy of the Government of Mexico to support at all times the solution of controversies through peaceful methods was once more made emphatically clear in the messages which Your Excellency sent to the European nations involved in controversy.

I have read with great interest and with much appreciation the further suggestions contained in your letter, but I assume that by reason of the fact that the immediate danger

His Excellency
General Lázaro Cárdenas,
President of Mexico,
México, D.F., Mexico.

of an outbreak of war in Europe would seem to have been averted there is no immediate occasion for a decision to be reached upon them.

Permit me to repeat to Your Excellency my appreciation of your letter and with the assurances of my highest consideration, believe me

Yours very sincerely,

Excelentísimo señor Franklin D. Roosevelt,
Presidente de los Estados Unidos de Norteamérica,
WASHINGTON, D. C.

Me es grato manifestar a Vuestra Excelencia que con esta fecha me he dirigido a los Excelentísimos Señores Presidente y Canciller de Alemania y Presidente de Checoeslovaquia, apelando a su serenidad para ver de resolver en forma amistosa el conflicto que en estos momentos agita la vida de aquellos países, ya que no puede ser benéfica la guerra para ninguna de las Naciones que puedan verse envueltas en un conflicto armado.

Mi Gobierno ha visto con simpatía los altos y humanitarios conceptos que contiene el mensaje dirigido por Vuestra Excelencia a los Jefes de Estado de Alemania y de Checoeslovaquia, y puedo aseguraros que todo el pueblo de México ha aplaudido vuestra actitud.

El Ejecutivo a mi cargo considera que es el momento oportuno para adoptar una actitud eficaz inspirada en el sano propósito de cooperación internacional en pro de la paz del mundo, y piensa que nada sería más efectivo que tomar medidas de orden práctico que impidan que la contienda se realice y ellas serían una acción conjunta de los pueblos de América, estableciendo desde hoy, antes de la guerra, un boycot para los países agresores. En caso de que no se quiera prejuzgar sobre la actitud de Alemania el boycot se establecería para los países en conflicto.

Consecuente con esta idea, México podría prescindir desde hoy del mercado alemán para sus materias primas, inclusive el petróleo, no obstante que éste y sus derivados han podido colocarse ya en aquel país en cantidades muy considerables.

México, dentro de sus posibilidades, desea cooperar con los demás países países de América, y se permite ofrecer a Vuestra Excelencia un esfuerzo práctico y efectivo para mostrar su actitud contraria a la guerra y estaría dispuesto a impedir, desde luego de un modo radical y absoluto, que los países que estén próximos a la guerra obtengan las materias primas que México produce y a prescindir de esta fuente de ingresos tan importante para su economía en bien del alto ideal de la paz y de la democracia en el mundo, de cuyos principios Vuestra Excelencia es esforzado y sincero defensor.

Aprovecho esta oportunidad para reiterar a Vuestra Excelencia las seguridades de mi más alta y distinguida consideración.

Lázaro Cárdenas.

1018
Mexico - 1938

[Sept - Oct 1938]

Excelentísimo señor Franklin D. Roosevelt.
Presidente de los Estados Unidos de Norteamérica.
WASHINGTON, D. C.

full file

PSF Mexico

México, D. F., October 3, 1938.

Personal and
Strictly Confidential

Dear Franklin:

I thought you used one sentence in your message to Hitler that deserves to live when you said: "Present negotiations still stand open. They can be continued if you will give the word". I never knew a more direct way of putting a dictator on the spot. If he had refused, you had made him shoulder responsibility for the blood that would have been shed.

Another statement quite as good was the diplomatic rebuke of his attempt to undo the Versailles Treaty, when you said: "The question before us to-day, Mr. Chancellor, is not the question of errors of judgment or of injustices committed in the past". A debate on the question would have shown he hadn't a leg to stand on.

It gave me great distress to see Czechoslovakia dismembered. It is the best democracy in Europe. The example

The Honorable
Franklin D. Roosevelt,
The White House,
Washington, D. C.

example of a working democracy right by the side of Germany and Italy was anathema to Hitler and Mussolini. They have set out to destroy democracies on that hemisphere. Hitler's demand that all Germans come under the Reich was only a show-window for his program of Berlin to Bagdad. He and Mussolini will not press their demands for annexation of territory, but will control their rulers, who will fear not to do what these two would-be Caesars order.

When I feel like criticising Chamberlain and Daladier, as I do severely to myself, I reflect that we Americans are in no position to cast a stone. We set up Czechoslovakia and Poland, and I was in Paris and rejoiced in both actions. And, then, Henry Cabot Lodge and Jim Reed compelled us to leave Europe to the wolves, who have now eaten part of Czechoslovakia, and compelled Poland to ride at their chariot wheels.

If Europe is to be controlled by Hitler and Mussolini, it will soon have not a vestige of democracy, freedom of the press and liberty, and dictators and economic royalists will sift the asperations of the people. War now would probably not have prevented such a tragedy although war is horrible to contemplate, and you would have been to blame if you had not exerted every possible influence to prevent it at this time.

I fear

I fear the time will come when opponents of autocracy will be less prepared to fight - they must be ready some day to fight the Hitlers and Mussolinis - or they must crawl before the brood of big and little autocrats. I pray that my fear of a return to the doctrine of divine right domociled in colored shirts may never be realized.

Always with my affectionate regards, in which my wife joins to you and Eleanor, I am,

Faithfully yours,

Josephus Daniels

PSF Mexico

DEPARTMENT OF STATE

file confidential

THE SECRETARY

October 21, 1938.

MEMORANDUM FOR THE PRESIDENT

Referring to note of Josephus Daniels about being made a delegate to Lima, I think I am correct in saying that he later canceled this request in a note to me. I herewith return his correspondence.

Hull

Mexico D.F. Sep. 13. 1938

Dear Franklin!

When Mr. Morrow was Ambassador to Mexico he was appointed a delegate to the Pan American Conference at Havana.

Shortly after Mr. Reuben Clark's term as Ambassador to Mexico expired in 1933 he was appointed by you as a delegate to the Pan American Conference at Montevideo.

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Thus both of my immediate predecessors received the honor and recognition is a good precedent. I would like to be named a delegate to the Pan American Conference which meets at Lima in December.

Of course you know you can rely on me to uphold your policies.

With my warm regards,

Faithfully yours

Josephus Daniels

Mexico D.F. Sept. 13, 1938

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY

Dear Miss Le Hand:

Will you be good enough to do me the kindness to place this confidential letter in the hands of the President? I will thank you very much if you will hand it to him yourself.

With my sincere regards,

Faithfully yours,

Josephus Daniels

C.H.

Will you speak to me about this?

FDR