

FOREIGN PROPRIETORS AND THE MEXICAN CONSTITUTION

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When the Mexican Constitutional Congress met in Queretaro its members faced many serious problems in establishing a new rule of law that would satisfy the aspirations of the Mexican people for freedom, and economic, cultural, social and political independence. Among the most important issues that the convention faced were those of control over México's natural resources, its economic, transportation and communications infrastructure; and its coastlines and borders. The representatives, in their wisdom, decided that Mexico, in order to be a free and independent state, should insure that its citizens would control the nation's infrastructure subsoil resources and agricultural production. The concerns of the Constitutional Congress regarding foreign control were rooted in the harsh extremes of subordination to foreign capital that the Mexicans had experienced during the porfiriato.

During the porfiriato citizens of the United States of America became the most important foreign element in the Mexican society and economy. This fact is important for the citizens of both the United States of América and the United States of México because the latter nation was the first duly constituted yet economically peripheral nation the Americans encountered in their process of rapid expansion that followed the War between the States. The encounter of the Americans and the Mexicans was colored by the former's contemporaneous experience in conquering the Native Americans of the west and southwest.

This encounter of Americans and Mexicans marked the massive alteration in Mexico of what Louis Althusser called infrastructure and superstructure. It meant the infusion of new cultural norms,

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language and symbols, and the embrace of a new economic system. In cultural terms a new system of individual values would challenge and ultimately alter those of the community, and the sense of communal responsibility among Mexicans. It is a story featuring contending groups of American financiers, industrialists, railroaders, agricultural businessmen and colonists; and of Mexican leaders who sought progress through the emulation of American economic success. Many of the Americans, including the most powerful, consciously sought empire, but they also devoutly believed that their expansion even with an accompanying loss of Mexican territory would benefit the other nation. With the passage of time, the Mexican leadership, while courting the Americans' capital, became ever more hesitant about the alienation, through sales or concessions, of national territory.

The modern era of Mexican and American interrelationships can be marked from the attempted purchase of Baja California in 1862 by Edward Lee Plumb, the secretary of the American legation to México, on behalf of his government, but at the urging of William Aspinwall, Francis Skiddy and Moses Taylor all of the Mexican Pacific Company. Aspinwall, one of America's shipping pioneers, Skiddy who was the nation's leading sugar importer, and Taylor, another sugar importer who was also the general manager of John Jacob Astor's transcontinental and overseas trading empire, the president of the National City Bank of New York, and a leading investor in international communications; wanted Baja California as a launching site for ships from their Pacific Mail Steamship Company. They envisioned the purchase of Baja California as the beginning of a transpacific trading empire that would incorporate the Asian mainland, the major islands of Asia and the Pacific Ocean, and those nations of Latin América with coastlines on the Pacific.¹

During those negotiations the cabinet members of the government of President Benito Juárez unanimously agreed to the sale of Baja

¹ For Plumb's efforts to purchase Baja California see "Edward Lee Plumb, New York, to Senator Charles Sumner", Washington, D. C., 3 January 1886, Items 8818-8822; "Plumb, México City, to N. P. Banks, Chairman of the Committee on Foreign Affairs", The House of Representatives, Washington, D. C., 3 January 1866, Items 8823-8829; Plumb, "Mexico City, to Banks", Washington, D. C., 9 May 1866, Item 8841; and "Plumb México City, to William Pitt Fissenden", Washington, D. C., 20 July 1866, Item 8865, Volume 7, *Edward Lee Plumb Papers*, Madison Building, The Library of Congress, Washington, D. C., (hereafter cited as *ELPP-LC*).

California for the sum of \$ 15,000,000 (U.S.) with the exception of Secretary of Foreign Relations Sebastián Lerdo de Tejada. His asking price was \$ 30,000,00 (U.S.), more than twice the amount the Americans were willing to pay. The agreement died. From that time forward leading American entrepreneurs and political representatives in México came to regard Lerdo as an “enemy”, a “corrupt man”, someone who could be expected to resist American proposals for Mexican concessions.²

American ties with Mexico deepened enormously during the course of the republican struggle against the French Intervention, and the “empire” of Maximilian. In the course of his tenure as the Mexican representative to the United States, Matías Romero cultivated ties with the leading bankers and businessmen of New York and the most powerful politicians in Washington D.C. By 1866 and 1867 he and other representatives of the Mexican government, including General Francisco Carbajal, had sold several million dollars in Mexican government bonds to wealthy Americans. Among the most important bondholders were Moses Taylor of the National City Bank, Eugene Kelly and Company of New York, who took \$500,000 (U.S.), worth, and Henry DuPont, the head of DuPont de Nemours, who advanced gunpowder to the Mexicans in return for the securities. General Porfirio Díaz, the leader of an energetic and efficient guerrilla war against the French in the south of México was the principal recipient of this military aid. His American suppliers held him in high regard. Other bond purchasers included New York financier C. W. Brink who already owned 1,776,000 acres of agricultural property in México, and the Wall Street brokerage firm of John W. Corlies and Company, which handled the bond accounts for Romero. Corlies and Company went bankrupt in 1873 when the Mexican government failed to make its scheduled interest payments, leaving Corlies and his associate John Tiffit furious.

² For Lerdo's demands regarding the sale of Baja California see Callahan, James Morton, *American Foreign Policy and Mexican Relations*, The Macmillan Company, New York, 1932, pp. 305-309. For American references to Lerdo and even President Juárez as “corrupt” see “John A. Gadsden, México City to William Starke Rosecrans, New York, 27 August 1869, Folder 29, Box 15, *The William Starke Rosecrans Papers, Rare Books and Manuscripts Room*, The Graduate Research Library, University of California, Los Angeles (hereafter cited as *WSRP*). See also the letters of Matías Romero, Antonio Richards, Cesare Merighi and others, to Rosecrans, *WSRP*, *passim*.

In 1868 President Andrew Johnson chose General William Starke Rosecrans of Cincinnati to serve in México as the American Minister Plenipotentiary. Rosecrans joined Plumb, who was departing temporarily for Cuba as one of the two leading promoters of American economic interests in México. Their efforts centered on obtaining railroad, timber, communications, shipping and mining concessions from the Mexican government. Despite his efforts to represent the interests of the New York railroad men and the New York bondholders, Rosecrans as Minister Plenipotentiary, became the leading representative of the Pennsylvania Railroad in México. At that time the Pennsylvania Railroad was the largest industrial concern in North América. In turn Plumb, who returned to México after Rosecrans' departed for New York in 1869, became the leading exponent for Taylor, Aspinwall, Skiddy and a wider consortium of capitalists who would become the controlling group of the New York Central Railroad by the end of the 1870s.³

During the late 1860s and early 1870s the American railroad consortiums continued to lobby the Mexican government in search of concessions to build lines from the United States border to México City and other points in the interior, while the New York bondholders of the Mexican debt continued to demand payment from a government unable to redeem its financial obligations. In order to relieve itself of the growing adamicity of the bondholders, their government and the railroad men and in order to achieve the goal of a modern transportation network the Lerdo government granted a series of concessions in 1873 and 1874. Many of the bondholders were pleased to find that their securities counted as part of the collateral necessary in order to receive the government's approval of the concessions. They became important members of the railroad consortiums that received the concessions for the Tehuantepec Railroad which crossed México from the Gulf to the Pacific, the Central Railroad which extended to México City from the border at El Paso, and the National railroad which traversed the country from the northeast at Laredo to México City by way of Monterrey, Saltillo and San Luis Potosí.

³ See Sturm, Herman, *The Republic of Mexico and its American Creditors. The Unfulfilled Obligations of the Mexican Republic to Citizens of the United States, from who it obtained material aid on credit—the nature and extent of that aid*, Douglas and Conner, Indianapolis, 1869, pp. 1-33.

The negotiation with President Lerdo had been difficult and it was with considerable relief and a sense of victory that Moses Taylor and some of the leading bankers of New York announced the reorganization of the Texas and Great Northern Railroad which would have Laredo as its terminus. They had succeeded in obtaining the concessions needed to link New York with México City. Meanwhile the Tehuantepec concession, investors virtually identical in its membership to the National concession holders, were celebrating the fulfillment of the Pacific Mail Company's long held objective, the establishment of an American controlled port on the Mexican Pacific Coast. True, the Asian cargoes would have to be reshipped from Coatzacoalcos, but they owned both shipping lines. The Pennsylvania Railroad group, now combined with important Boston capitalists, also had reason to celebrate. Its rail network extending from the American east coast through Dallas was rapidly reaching El Paso. All three efforts were prohibitively expensive, especially the two striving to construct lines across Texas. They stretched the resources of America's most important bankers to the extreme.⁴

In 1875, after his electoral victory President Lerdo announced the cancellation of all the concessions theretofore granted by his government and its predecessors, with the exception of the National Railroad grant extending from Laredo to México City. American investors were incensed, many faced ruin. The syndicate holding the National Railroad concession was not placated. Many if not most of them were committed to the Tehuantepec road and other enterprises among the many cancellations. The New York bondholders had once again been thwarted in their efforts to recoup their losses let alone the hope of gaining advantage through the concessions.

It was at that point in late 1875 when defeated presidential candidate Porfirio Díaz visited New York in search of support for the overthrow of President Lerdo. His itinerary included one interview with James Stillman, a major stockholder in the National City Bank. He then left for Brownsville, Texas, in the company of John Sterling a prominent New York attorney who handled many of Stillman's and the bank's affairs. He arrived in Brownsville in December of 1875 and began organizing a military effort against the Lerdo gov-

⁴ For the executive committee of the International Railroad of Texas see the 1872 memorandum, Item 9851, Volume 11, ELPP-LC; and "Comite Ejecutivo de las dos compañías unidas", Folder 71, Box 91, *WSRP*.

ernment. In February 1876 the Revolution of Tuxtepec was announced from Puebla and the fighting began. Díaz launched ever stronger attacks from the American side of the border against Matamoros and other points along the frontier. He received important aid from the local American military authorities when they refused to act on the Mexican government's request to intercept armed men on the American side of the border. Wealthy Texas ranchers headed by Richard King the owner of the King Ranch provided Díaz with arms, cash and sanctuary. Perhaps even more importantly, the New York Bondholders Committee of the Mexican National Debt forwarded \$ 300,000 (U.S.) to Díaz through the auspices of Alberto Castillo an employee of Moses Taylor in Havana and Juan Bustamante, a longtime Díaz supporter and former governor of San Luis Potosí, who was operating out of Mier. Many of the arms were smuggled into the Matamoros area of Tamaulipas via Bagdad, a hamlet purchased by James Stillman's father Charles, at the mouth of the Río Bravo. Other arms reached Díaz by way of consignments to American merchants at Brownsville. Rosecrans and other American railroad men were approached by Díaz through his emissary Francisco Z. Mena, later Díaz' Secretary of Public Works who approved the railroad concessions granted by the new government to the Americans.⁵

When Porfirio Díaz occupied the Presidential chair late in 1876 México was impoverished. He was not a puppet of the Americans. Rather, Díaz shared their vision of economic development. He, Matías Romero, and the other developmentalists of the Díaz regime believed that they were patriots who had removed a backward looking and despotic President Lerdo in order to bring modernity and prosperity to México. They acted on those premises with singular

⁵ For greater detail on the American involvement in the Revolution of Tuxtepec see John Mason Hart, *El México Revolucionario: Gestión y Proceso de la Revolución Mexicana* (Alianza Editorial Mexican, México, 1990). See also "Alberto Castillo, Havana, to Juan Bustamante, Mier", 15 July 1877, Document 000921, *Archivo Porfirio Díaz*, Universidad Iberoamericana, México (hereafter cited as *APD*). For Moses Taylor's involvement see the correspondence of J. G. del Castillo, Forest Hills, to Carlos Cespedes, New York, 16 February 1877, Box 305, *Moses Taylor Papers, Rare Book and Manuscript Room*, New York Public Library (hereafter cited as *MTP*). The arms shipments are found in Box 305 *MTP*, and include receipts for rifle and cannon powder shipments weighing 2,650 and 910 pounds. See also "General Plácido Vega, Brownsville, to Porfirio Díaz, México City, 20 May 1877", Documents 000877-000879, *APD*.

conviction, seeking foreign investments wherever they could find them, but always trying to balance the massive influx of American wealth and population with at least some European influence.

By 1880, sixteen railroad concessionaires, most of them Americans, began the construction of new tracks. By 1882 trackage had reached 3,583 kilometers. By 1884 the number of railroad concessionaires had reached forty-nine, but many of them were merely representatives of America's concentrated railroad oligarchy. In 1884 the total of track laid reached 5,898 kilometers. During the 1880s the great trunk lines in which the American railroad empresarios had invested so large a stake, made rapid progress. The Southern Pacific Lines running southward from Nogales, Arizona, toward México City reached out for Mazatlán and Guadalajara. Rosecrans served on its board of directors. The Atcheson, Topeka and Santa Fe, still controlled by the Boston capitalists, who had joined the Pennsylvania Railroad group in the early 1870s, controlled the Mexican Central which extended its lines 1,970 kilometers from El Paso through Chihuahua to México City. The National Lines, controlled by the same New York capital which exercised authority over the New York Central Lines, made dramatic progress in the construction of its route from Laredo to México City. The Mexican Congress granted subsidies to the owners of the railroads that ranged from 7,500 to 15,000 pesos per kilometer completed. It also authorized a land grant extending some seventy meters on either side of the tracks wherever they went. This included valuable urban real estate and ports as well as the rural countryside. By the time the railroads were matured, in 1910, their operators claimed over 8,000,000 acres of the nation's surface.⁶

By 1896 the Mexican railroad network extended over 11,500 kilometers. By 1908 the railroad system claimed 22,822 kilometers of track, with some 3,749 kilometers of that total comprised of "minerales" serving predominately American-owned mines and timber resources in the northern two-thirds of the nation. When the revolution began in 1910 the railroad infrastructure of the nation consisted of 24,560 kilometers of completed trunk lines, "minerales" and connecting routes. Yet the great trunk lines were clearly designed to serve American interests, extending north to south, in pref-

⁶ For greater detail on the American penetration of the Mexican economy during the porfiriato see Hart, *El México Revolucionario*.

erence to the badly needed inter-city routes which would have provided direct access between provincial capitals and points of production. By the time of the revolution a remarkable consortium of American capitalists owned seventy percent of Mexico's railroad stocks.

As might be expected from the overall growth of the American economy in the last third of the nineteenth century, Mexico's trade with the United States skyrocketed during the porfiriato. The railroads were the principal vehicle by which the change took place meaning that the above discussed American railroad syndicates dominated America's trade with México. In 1860 American trade with México totalled only \$ 7,000,000 (U.S.). In 1880 it had only reached \$ 15,000,000 (U.S.). By 1910 Mexican imports from the United States had reached \$ 61,029,681 (U.S.) and exports totalled \$ 105,357,236 (U.S.). American products constituted fifty-seven percent of Mexico's imports and almost seventy-six percent of her exports. The lopsided deficit in American imports versus sales to México underlined the great problem. The American investments were not balanced between raw materials exports, infrastructure and internal market development. The latter category was ignored by the Americans because of low profit potential. The result was a vast transportation network largely dedicated to the extraction of sub-soil resources, cattle, timber and agricultural goods.

The ownership of those resources became predominately American on the coasts and frontiers as the railroad investors and a mass of other Americans, totalling some 30,000 in the countryside by 1910, moved in to purchase productive lands. By 1910 some 154 American investors owned 103,000,000 acres of Mexico's surface or over twenty-one percent of the surface of the nation. An additional 30,000 Americans owned some 30,000,000 acres more. Their holdings dominated timber production in Durango and Chihuahua, mining production in Coahuila, Chihuahua, San Luis Potosí and Sonora; petroleum output in Tamaulipas, and rubber production in Zacatecas, Durango, Chiapas, Veracruz and Oaxaca. They also controlled timber and chicle harvesting in Quintana Roo and Chiapas. American agricultural interests were everywhere in the republic, overwhelming Campeche and probably Sinaloa. Between 1883 and 1886, George Baker's First National Bank of New York even placed on sale 1,500 lots of real estate located on the Paseo de la Reforma

in México City. The properties extended from the Chapultepec Castle to Bucareli Square.⁷

These conditions deeply concerned the constitutional convention delegates who assembled in Querétaro. Their passage of Article 27 of the Mexican Constitution marked a turning point in the nation's destiny. By limiting the rights of foreigners to sub-soil resources and prohibiting the ownership by foreigners of border and coastal lands, the Mexican delegates laid the basis for national proprietorship of the means of production and at least some control over trade entering and leaving the nation. Exactly what was the extent and nature of foreign ownership along the frontiers and the coasts? What follows is a detailed breakdown of some of the more important foreign holdings found in those strategic locations.

Beginning in the northwest and extending along the American frontier to the Gulf of México we find that the gun and fishing club of Southern California headed by Harrison Gray Otis the publisher of the *Los Angeles Times* held 35,000 acres of what is now Tijuana. Nearby, to the south, R. H. Benton of San Diego owned the 1,000,000 acre Circle Bar Ranch. French investors controlled the important copper mine and smelter at Santa Rosalía on the Sea of Cortez. The defunct Baja California Company claimed another 23,000,000 acres further to the south. The company was originally formed in the 1880s by capitalists in Hartford, Connecticut, the residence of Junius Morgan the most important American banker in Great Britain at the time and the father of the leading American private banker in the world by 1900, J. P. Morgan. It is probable that J. P. Morgan transferred the Baja Company from Connecticut to Great Britain via Morgan Grenfelt, his banking house in that country. The participation of British capitalists as only passive investors rather than as the controlling partners would explain why Edgar T. Welles, the son of Gideon Welles, President Lincoln's first Secretary of War, the second of two generations of lifelong friendships with the Morgans, served as the manager of the Baja California Company. Later, he served as a director of the Wabash Railroad, the holding company for J. P. Morgan's railroad network in the states of the upper midwest.

⁷ The data regarding American ownership of Mexican resources and real estate are largely derived from the voluminous records, some 1750 cubic feet, of the United States-Mexican Claims Commissions, found at the Washington National Records Center, Suitland, Maryland.

Moving to the east the next major foreign holding was the 860,000 acre Colorado River Land Company holdings extending from near the American border along the western side of the Colorado River to the Sea of Cortes. Immediately adjacent to the Colorado River Land Company's property, extending from the American border to the Sea of Cortes, along the east bank of the Colorado River were the lands of Guillermo Andrade and other investors from San Francisco. Further east, still in Sonora, were the 1,500,000 acres held by the Compañía de Terrenos y Ganados La Sanoita of J. M. Chittens and A. J. Vick of San Antonio, Texas; and the properties of Greene's Cananea Copper Company totalling 380,000 valuable acres owned by William Rockefeller, Thomas Fortune Ryan and James Stillman, all of the Amalgamated Copper Company and the National City bank of New York City. Immediately adjacent to the copper holdings were the Cananea Cattle Company's properties which totalled 2,560,000 acres still held on paper at least by William C. Green the bankrupt copper company founder. To their east the Guggenheim Brothers, A. H. Danforth, James Douglas and the Phelps Dodge Corporation owned the Moctezuma Copper Company lands which extended over 152,000 acres. On the Sonora side of that state's border with Chihuahua, Fred F. Wheeler, George S. Bisbee and Stanton Hyer owned 1,610,000 acres under the aegis of the Wheeler Land Company.

Immediately adjacent to the Wheeler Company holdings was the largest fenced property in the world. The Las Palomas Hacienda owned by Edwin Marshall, the founding secretary of the Texas Oil Company. His hacienda extended from near the Chihuahua-Sonora border to the western edge of Ciudad Juárez. Further south of Las Palomas, but still in northern Chihuahua, Lewis E. Booker held 160,000 acres of ranch land; while next door the owners of the Corralitos Hacienda, former Vice-President of the United States Levi P. Morton and New York bankers Edward Shearson and Edwin Morgan, held 860,000 acres of ranch and mining properties. East of Ciudad Juárez, Edward Morris and his partners, the owners of the T. O. Riverside Ranch near Ojinaja, claimed 1,256,000 acres. In Coahuila John Blocker of San Antonio and independent oil man William Jennings owned the 1,250,000 acre Piedra Blanca Hacienda. Nearby A. E. and J. W. Noble were the proprietors of the 240,000 acre Hacienda Nacimiento. Continuing to the east into northern Tamaulipas, the Blaylock Colony consisting of several

hundred American colonists had occupied 360,000 acres. The American colonists in Tamaulipas and at Dublan in Chihuahua frequently expressed their expectation that those Mexican territories would be annexed by the United States.

Moving southward along the Gulf Coast the first enormous American property to be encountered was the 1,200,000 acre San Antonio de las Rusias Hacienda near Soto La Marina owned by Otto Bricston a businessman from Deerfield, Wisconsin. Inland some forty miles, near Valles, the Rascon Hacienda owned by George Lee of Galveston, Texas, embraced 1,400,000 acres in both Tamaulipas and San Luis Potosí. In and around Tampico foreign owners controlled most urban real estate and productive oil lands. The Texas Oil Company of Houston owned or controlled some 4,000,000 acres through outright purchases or leases, sometimes creating subsidiary companies and employing Mexican agents to serve as its representatives.

In Veracruz European property owners dominated the real estate holdings of the great port city, while the British-owned Mexican Eagle Oil Company controlled vast holdings, perhaps larger than those of Texaco in neighboring Tamaulipas. The largest among many American landholdings in Veracruz were the Motzorongo Plantation and the Hacienda Josefina the combined area of which totalled some 360,000 acres. The properties were owned by the Motzorongo Plantation Company, Herbert Parkin, James O. Rice and Joseph A. Robertson. In Tabasco the many smaller American operations were led by the Mexican Diversified Land Company which held the Rancho Chico Zapote consisting of 117,000 acres.

In Campeche the Americans sought to develop an alternative to the Mexican owned henequin production in Yucatán. As a result they came into almost complete control of the economy of the state. The International Development Company, controlled by directors from the National City Bank of New York and the Security Life Insurance Company of that city, bought and developed the 300,000 acres San Pablo Plantation. Unfortunately they took advantage of the worst possible labor system available and eschewing a free labor alternative sought out and used the forced contract labor of Maya and Yaqui Indians. Meanwhile, the Mexican Exploitation Company of New York operated a complex of four haciendas totalling 1,610,000 acres. The Laguna Corporation of financier A. J. Stevens, Hugh Johnston, and Associates owned 1,350,000 acres. While

the Mexican Gulf Land and Lumber Company owned by Nathaniel French and Associates of Davenport, Iowa, held title to 760,000 acres. Combined, the Americans owned most of the coastline of the Gulf of México between Tabasco and the state of Yucatán. Extending inland they held a solid bloc of properties reaching from the Laguna del Carmen to the Guatemalan border.

In the state of Yucatán the only notable American landholding, the Hacienda of Chichen Itzá, was owned by John Thompson who mined the Mayan artifacts found in the famous cenote at that site and sold many of them to the Peabody Museum in Boston. George Foster Peabody, a member of the railroad syndicate that controlled the Atcheson, Topeka and Santa Fe Railroad, was one of two major marketers who controlled the external sales of Yucatán henequén. He and his competitor, industrialist Cyrus McCormack, who also served as a director of the National City Bank of New York, were an important part of the American plan to develop production in Campeche in order to break the monopoly over the henequén harvests held by the Casta Divina of Yucatán. In the south of the Yucatán Península, along the Belizian and Guatemalan borders, from the Caribbean Sea across Quintana Roo and the state of Yucatán, the American Chicle Company of Samuel Adams held 1,550,00 acres of tropical forest lands; while the C. C. Mengel Company worked 3,601,000 acres through long term monopoly leases issued by the Porfirian government.

Moving northward along the Pacific Coast of Chiapas, the Americans held four important properties. The Chacamax Plantation Company raised bananas and other tropical products on its 116,000 acres; Edward Hartman harvested mahogany and rubber from his 204,000 acres, while the Pan American Railroad controlled a right of way and most north-south trade from the Guatemalan border to the Isthmus of Tehuantepec. At Pijijiapan, on the northwest pacific coast of the state, a colony of Americans had settled in hopes of developing a port. German entrepreneurs had also developed their interest in tropical agricultural exports into a considerable presence. Further north, at Salina Cruz on the Pacific Coast of Oaxaca, Americans Charles, Frederick and Rafael Parraga and Company had developed salt mining operations along the coast into the Salinas de Tehuantepec Company and held 128,000 acres extending along the seashore.

Extending northward from the Oaxaca-Guerrero border was the 485,000 acres Hacienda San Marcos which reached north across the Costa Chica to a point just south of Acapulco. The American owner, Charles Miller, a former official of the U. S. Department of State, and his associates in the San Marcos Trading Company, employed a private army to maintain order among their restless subjects. North of Acapulco, along the Costa Grande to the Balsas River, were the holdings of Charles Newman and Abraham Silverburg who owned 150,000 acres; while extending inland from the coast were the 990,500 acres of New York financiers Edward Shearson, Severo Mallett Prevost and Charles H. Foote. Moving further north, along the coast of Jalisco, American Francis Lake owned the 123,750 acre Hacienda La Luz; and Alfred Geist and the Mexican Tropical Fruit Company claimed the 100,000 acres Hacienda Union en Cuale.

Along the shoreline of Sinaloa C. F. Van der Water's Culiacan Land Company held 130,000 acres near the capital of the state. Further north the United Sugar Company of B. F. Johnston and Associates held 264,000 acres. Johnston had obtained his properties through a vicious fight over what his rivals called the "usurpation" of the lands of the defunct utopian socialist colony at Topolobampo. Edwin Marshall, the owner of the Las Palomas Hacienda in Chihuahua, claimed that he also held 3,000,000 acres in Sinaloa through the Sinaloa Land and Irrigation Company. The Coastline of the Sea of Cortes in Sonora was the site of the important Yaqui Valley Land and Water Company owned by John Hays Hammond and Associates. The Yaqui Valley Land and Water Company was the derivative organization that emerged from the bankruptcy of the Richardson Construction Company of Los Angeles, California, which had failed largely from financial complications arising from the prolonged violence of the Yaqui wars of the 1880s and 1890s.

In sum, the delegates to the convention in Querétaro recognized that foreign interests, largely American, had gained de facto control of Mexico's coastlines and frontiers during the course of the porfiriato. That lesson was impressed upon them during the American Intervention at Veracruz in 1914 which provoked national outrage, and by the American Punitive Expedition which tracked Francisco Villa's forces across Chihuahua in 1916. Careful men, patriotic and well trained in the law, the delegates sought a constitutional solution for the problem of foreign hegemony consistent with legal precedent

and fulfilling the need to preserve Mexico's independence and integrity as a sovereign nation. Hence, they created in Article twenty-seven of the Constitution of the United States of Mexico, a basis for insuring national control over critically important industrial resources such as minerals and timber, and trade in the form of national ownership of the nation's peripheries and transportation and communications infrastructure.

The Mexican Constitutional delegates were empowered by the myriad revolutionary acts of their working class countrymen between 1910 and 1917. Campesinos, calling themselves "Zapatistas" in places as far removed from the state of Morelos as Tamaulipas and Sinaloa, and proclaiming themselves "Villistas" in places as remote from the authority of Francisco Villa as Chiapas, carried out literally thousands of independent acts of violence, expressing their outrage and demands, against hacendados of Mexican parentage and against foreigners. The campesinos, workers, and local and provincial elites empowered the Constitutional Convention delegates and they, in turn, empowered the governments that followed, giving them legitimacy and a sense of national mission in their negotiations with the foreign delegations from the railroad, petroleum and banking industries and in their deliberations with foreign states, especially the Americans.

In 1923 the Bucareli Accords, reached between the Mexican and American governments, offered the foreigners assurances regarding their property rights as a precondition of recognition by the United States. But the expectations of the Mexican people, nurtured by the nationalism of the revolution and the patriotism of the delegates to the Querétaro Constitutional Convention, persisted and empowered the government of Lázaro Cárdenas. The nationalization of the railroads, the petroleum companies, and most American landholdings including almost all of those located on the coasts and frontiers, fulfilled the legacy of the Mexican Revolution.

Today, seventy-five years after the promulgation of the Mexican Constitution, as we commemorate the foresight, wisdom, and dedication of the delegates to the Querétaro Constitutional Convention, a new generation of Mexicans face a challenge equal to those of the generations of the Revolution and the Cárdenas's era. A challenge to make changes that will enable México, through free trade with the United States and Canada, to achieve the levels of economic growth that are required if it is to become a modern nation capable of

providing well being to each of its citizens. In doing that the Mexicans must recognize and take advantage of the experience of the past and avoid its pitfalls. In dealing with the Americans they must remember the almost infinite diversity of the American investors' markets as well as those of the consumers.

For example, when treating with the United States Government it must be remembered that it best represents the most powerful interests in the nation because they are the ones most able to reach out to high political officials, indeed, many high political officials come from those large corporations. The Mexicans must insist upon the right to embrace the real strength of the American economy, and ultimately the source of greatest potential benefit, the small business sector. This fact is underscored when one considers the petroleum and steel industries and remembers the past. The great petroleum companies of the United States enjoy extremely close relationships with their government and influence it in myriad decisions in return for Mexican access to their capital and high technology. They can be counted on to make rigid demands upon México. Yet the oil business in the United States is extremely diverse and a multitude of small concerns are prepared to invest in pipelines, refining, petrochemicals and plastics, if given the chance. In order to gain access to the rich diversity of the American economy the porfirian-like close relationships that now exist between Pemex and its American business associates, and especially all new contracts, must be made public. Only with full disclosure of contractual agreements will the Mexicans be in a position to obtain the best opportunities.

The steel industry is the second example I wish to make of how a new generation of Mexicans can learn from the past, avoiding its pitfalls and achieving economic progress, while maintaining their political and cultural equality. There is a vast array of independent small steel producers in the United States who would welcome the opportunity to introduce new finances and high technology to the Mexican steel industry in order to help it become one of the principal centers of that business in the world. Yet, the United States government, consistent with its heritage of tending to respond to the most powerful lobbies in its national constituency, in this case the big steel companies, will fight hard to deny México the right to export steel to the American marketplace. The large steel companies in the United States have already moved their production

“offshore” to Asia importing their products to the United States from across the Pacific Ocean while leaving many of their working-class countrymen unemployed.

Given this *fait accompli* the logical alternative for México will be to demand free trade in the steel industry and then seek out that flood of small scale American steel manufacturers who would welcome partnerships with Mexican producers. After that process is established, the larger American steel corporations, faced with higher transportation costs, will be forced to participate, under the terms of free trade. If, instead, the Mexican government succumbs to the demands presently being made for trade limitations by the American government, the Mexicans will lose an opportunity for the development of a global enterprise.

The future course of these negotiations is still in doubt. Vested interests on both sides of the border will be willing to sacrifice the betterment of all in favor of their particular interests. This generation of Mexicans faces an historic destiny equal in its challenges to those confronted by the revolutionaries and the Cardenistas, and consecrated by the wisdom of the delegates to the Constitutional Convention who assembled in Querétaro three-quarters of a century ago. I wish you well.