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Thesis

MEXICO'S CÁMARA NACIONAL DE LA INDUSTRIA DE TRANSFORMACIÓN:
ECONOMIC NATIONALISM AT WORK

by

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PREFACE

An analysis and evaluation of the policies of Mexico's Cámara Nacional de la Industria de Transformación is very timely during this postwar period of rapidly changing international economic relations. It becomes not merely a study of an isolated movement in one particular country, but reflects the postwar efforts of many underdeveloped countries to attain a greater degree of economic self-sufficiency and to raise the standards of living for their peoples. In this respect its application is universal. Yet, the CNIT movement has many particular features, as opposed to the more universal aspects, to warrant this specific study. Inasmuch as the CNIT represents a contemporary movement with many social implications, an analysis of the development, policies and philosophy of the CNIT as well as a final evaluation of the program might well reveal one avenue down which progressive industrialists are seeking a better life for millions of Mexico's people and greater national economic security.

It is hoped that this study will add to one aspect of socio-economic knowledge that has too long been left open to gross misconceptions by non-Mexican observers. To the best knowledge of the author, this is the first work to undertake a full examination of the CNIT from its very conception to mid-1953. Indeed, Sanford A. Mosk's recent Industrial Revolution in Mexico is the first American publication even to introduce the CNIT to the English-speaking world, and to

his work the author is indebted for much of his information.

As no English-language publications, to the knowledge of the author, have dealt with the entire span of the history of the CNIT, it has been necessary to rely on the Mexican sources for much of the information. As far as possible, the author has tried to correlate the reports of many Mexican publications. Obviously it has been necessary to translate quotations freely for purposes of illustration in many instances. Throughout the study, therefore, the author assumes all responsibility for possible errors in translation where he has utilized quotations directly from Mexican sources.

A great debt of gratitude is owed to Dr. Maurice Halperin, former director of Boston University's Department of Latin American Regional Studies, for his making available to the author much unpublished authentic material of recent origin dealing with the CNIT upon which rest the body and conclusions of this thesis. It was as a result of his suggestion that the study was undertaken, and his expert counsel and guidance were of tremendous assistance during the writing of the first half of this work.

The author is deeply indebted to Mr. Harry Keelan, research associate of the Boston University Physical Research Laboratory, former head of the Colloid Chemistry Unit of the U.S.-Mexican Commission for the Eradication of Foot-and-Mouth Disease, and capable authority on current Mexican problems. It was he who supplied the author with much invaluable and

timely aid without which the completion of this thesis would have been impossible. Gratitude also is extended to Dr. R.B. Batchelder of the Department of Geography for his many suggestions during the preparation of this work in its final form.

G.R.S.

INTRODUCTION

Many Latin American nations today are at the threshold of industrial evolution or are striving earnestly to attain a certain degree of domestic independence in the manufacture of basic products. Few nations, however, are as well endowed with known mineral deposits as Mexico nor have they developed an industrial structure comparable in its diversity of national product and numbers of persons directly dependent on manufacturing. The amazing growth of Mexican industry, however, has been accomplished not without many difficulties. This nation shares with other countries south of our border the almost overwhelming problems of being primarily an agricultural country in a land which, owing to its extreme topographic and climatic diversity, limits crop production to a few areas teeming with concentrated settlement. In addition, a major portion of the country's peoples lack technical skills necessary for a sound expanding industrial economy. Also, Mexico's heritage must not be neglected which traditionally precludes an extensive industrial or commercial economy in favor of agriculture. Present growth of this comparatively new adjunct to Mexico's economy has been attained in spite of a turbulent history that has during many of its most violent phases disrupted completely the economic growth of the nation.

The present industrial development of Mexico provides a startling testimony to sacrifice, progressive attitudes and in certain instances almost altruistic philosophies of gifted leaders in this phase of her economy. Owing to the many severe handicaps imposed on the nation by adverse topography and diverse peoples, both governmental policies and those advocated by industrial leaders designed to better living standards and national welfare differ markedly from those of other countries. Also, a united front does not exist within the nation with respect to these paramount problems owing to differing concepts of how to approach the complexities of attaining Mexican economic security. Progressive leaders, advocating nationalistic social legislation designed to strengthen domestic enterprise, have been opposed vigorously by conservative leaders in industry and government. Points of difference embrace the role of industry in the economy, relationship between employer and employee, and importation of foreign capital for internal development. They also include establishment of foreign-owned basic industries within the country, and the volume of exportation of basic minerals and materials.

United for strength and greater effectiveness, the attitudes, policies and philosophies of progressive industrial leaders are represented in the *Cámara Nacional de la Industria de Transformación*. Although the CNIT is a relatively new contemporary movement, its roots are well-grounded in many of

the early socio-historic aspects of the nation. Inasmuch as most of the measures advocated by this organization which is gaining rapidly in strength, power and prestige have tremendous social, political and economic ramifications, it is imperative that an analysis and evaluation be made of the CNIT. Such an analysis would not only reveal many of the causal factors represented in current policies expressing Mexican attitudes toward their expanding industrial economy, but also it would provide a better understanding of the underlying ideas expressed by members of the CNIT. Thus it possibly would reduce greatly frictions which arise in industrial negotiations between national and foreign interests within the country.

An evaluation of the social, economic and political implications of the CNIT program would be impossible without first expressing in some order the history, attitudes and ideals of the organization and its leaders. This study, therefore, attempts to present the opinions of many authors and critics, both Mexican and non-Mexican, about the CNIT and its program for the social and economic betterment of the Mexican people. These collective views form the foundation upon which can be based a valid evaluation. Admittedly, the selection of facts, opinions and criticisms of the CNIT are subjective, thereby implying a certain degree of analysis prior to the concluding chapter. Nevertheless, objectivity has been assiduously maintained wherever possible, whereas in the con-

cluding pages of this study a full evaluation of the manifold implications of the CHIT has been attempted.

CHAPTER I

MEXICO: LAND, PEOPLE, AND HISTORY

Any consideration given to the CNIT must necessarily be preceded by perusal of the country itself. Not only have peoples contributed to ideals expressed by this organization, but the impact of the land on these peoples has in part molded certain attitudes and established the fundamental nature of many of the nation's problems. Although many Latin American nations possess rugged terrain, heterogeneous racial composition, and a violent history, the inherent nature of Mexico as expressed by these diverse elements is unique, especially in terms of social and economic development.

Its Land and People

Mexico resembles in shape a large inverted triangle, with its base at the southern border of the United States, and its apex near the northern boundary of Guatemala. Most of the country is situated in a tropical latitude, a condition complicated by the prevalence of high rugged mountains running roughly parallel to her coast lines. The resulting existence of very arid and very humid regions in close juxtaposition create geographic diversity surpassed by few other countries.

An area known as Mesa del Norte extends from the United States border to approximately the twenty-second parallel, a distance of some 900 miles. Its altitude tends to increase as one moves south, rising from no more than 2000 feet above

sea level on the United States border to over a mile in the vicinity of San Luis Potosí. Important centers of population are the great industrial city of Monterrey and the agricultural center of Torreón. The recent and rapid growth of the latter can be attributed to the huge cooperative cotton plantations of La Laguna established by President Lázaro Cárdenas. The region is one of the more important portions of Mexico because it has seen the development, in certain level areas, of prosperous centers of irrigated agriculture.¹

South of the twenty-second parallel to just below Mexico City, one passes through the central plateau, or Mesa Central. It is in this area that the population of Mexico always has been concentrated, especially in the Federal District. The eastern and western borders of the central plateau are defined by high mountain ranges, the Sierra Madre Oriental and Sierra Madre Occidental respectively, which parallel one another and are separated by 300 to 400 miles. The plateau is far from level, being broken in to many isolated interment basins by mountains. One of these basins contains the capital, and is situated at an altitude of more than a mile.

Southward to the border of Guatemala, one moves into an area almost entirely covered with rugged mountains, broken only by the Isthmus of Tehuantepec. Population in this area, as in the central valley, is separated into small isolated clusters in the interment basins. With the exception of the

the city of Puebla, there are no economically significant centers in this region. Rainfall is moderately abundant, the heaviest amounts occurring on the Pacific coast of the state of Chiapas, where there exists no coastal plain.

The northwest section of Mexico, very hot, arid, and mountainous, is sparsely populated. Except for the Sonora Desert, rocky surfaces predominate, and agriculture must be carried on by means of irrigation. With the completion of new irrigation projects and the opening of the Falcon Dam, prospects are now brighter and it is hoped that this area can attract labor from the over-crowded central plateau to the new sections of commercial agriculture.

On the east coast of Mexico, the Gulf Coastal Plain of Texas continues southward as far as the oil city of Tampico, where it is pinched off by the mineral-laden Sierra Madre Oriental. It widens out again to the south to include the busy port of Veracruz, and extends southward and east to embrace all of the tropical Yucatan peninsula. Rainfall is generally deficient north of Tampico, but abundant south of that area and in most of the Yucatan peninsula.

It becomes apparent that much of Mexico is mountainous and arid. Approximately half of the country is deficient in moisture all year round, while only about 1/8 receives sufficient moisture during all seasons of the year. Scarcely 1/3 of the entire country can be classified as level land. Vegetation depends on various combinations of moisture, al-

titude, and exposure to wind and sun.

Selva, or tropical jungle, is predominant in the moist tropical climate of the Yucatan peninsula, whereas tropical scrub forest covers the central and northern parts of the Gulf Coastal Plain. Desert shrub with scrub forest on the mountain ranges is characteristic of the northern half of the country, and, where man has not completely destroyed them, oak and other mid-latitude species of trees cover the slopes of the central and southern mountain ranges. Pine and fir forests, however, predominate above the deciduous forests up to the timber line.²

About half of Mexico's population of 26 million is concentrated in the Central Mesa, an area which comprises only 15% of total national territory.³ Rural densities approximate 50 persons per square mile, with some areas possessing well over 100. The greater part of the north and northwest averages less than 3 people per square mile. Most of the Yucatan peninsula is uninhabited for all practical purposes. Other regions of Mexico, with some exceptions principally in the southern highlands and Vera Cruz, are thinly populated.⁴

Ethnically, the overwhelming majority of the people of Mexico are Mestizos, that is, a mixture of Indian and Spanish. People of unmixed European descent comprise slightly less than 10% of the population. The Negro element is negligible. Variations in the percentage of blood mixture in Mestizos are many and great, although most Mexicans resemble their Indian

forebears to a larger degree than their Spanish ancestors. Perhaps 5% of the total population lives in comparative isolation, speaks various Indian languages exclusively, and is considered to be of relatively pure Indian descent.⁵

Pre-Colonial Mexico

According to current theory, Indians first appeared in Mexico as part of a great movement of Asian Mongoloid peoples at least 15,000 years ago. It was they who first discovered maize about 4000 B. C. From then on, their culture was centered around the growing of maize.

Among the outstanding pre-conquest Mexican cultures was that of the Mayas, who built scores of impressive cities on the Yucatan peninsula. Another was the Toltec culture, which was centered at the city of Teotihuacán in the Valley of Mexico to the northeast of Lake Texcoco. This group was conquered some time before the thirteenth century by the Nahuas, from which the Aztecs originated. The latter, incorporating the culture of the Toltecs, created a remarkable civilization, although, according to Parkes, it carried "greed for power and delight in human sacrifices to a point far beyond that displayed by any other Mexican people".⁶

Colonial Mexico

Aztec culture was destroyed at its apex of virility by the conquerors from Spain. Led by Hernán Cortés, a handful of men invaded Tenochtitlan, the capital city of the Aztec Empire, in 1519, and, in one of the most valiant and cunning feats in military history, took over control of the Aztec domain. In short time, they were followed by many other Spaniards, who subjugated the Indian tribes and put them to work in the mines and on the vast plantations they created.

Politically, economically, religiously and socially speaking, Mexico became Hispanized. Absolute control was in the hands of the viceroy, whose power emanated from the King of Spain. The Spanish introduced new crops and industries, but the profits of these, instead of enriching Mexico, reverted to Spain and the Spanish overlords of New Spain. Gold and silver mines were ruthlessly exploited, and the riches were transported back to Spain. Spanish Catholic missionaries converted the Indians to Catholicism. All land became Spanish-controlled with forced Indian labor.

The Achieving of Mexican Independence

After almost three centuries of Spanish rule, Mexico struck out for political independence at a time when Spain was in decline. Liberal concepts of the French Revolution, and the successful revolution for independence in the United States were also important factors contributing to the desire for Mexican independence.

The Mexican revolution for independence was instigated by two village priests, Miguel Hidalgo, and later, José María Morelos. Their armies were quickly dissipated by Spanish troops. The Revolution was uncontrollably spreading, however, and needed a good strong arm to guide it in fulfilling its objective.

It was Augustín de Iturbide who, ten years later, in 1820, provided that strong arm. He persuaded the viceroy to let him vanquish the revolutionary forces of Vicente Guerrero. Unable to do so, he joined forces with Guerrero and, with the powerful support of the Church, achieved political independence for Mexico almost without bloodshed in 1821.

Early attempts at self-government showed, however, that nothing more than an administrative severing from Spain had taken place. As Gruening points out:

"...viewed in terms of progress the political revolution of 1821 was a defeat. Its champions intended to change nothing... The defeat of the 1810 insurrection was made

possible only because many creoles, frightened by the emergence of Hidalgo's Indians and the evident social aspects of the movement, swung back into the arms of their European born brothers and made common cause with them against the darker bloods --- the really dispossessed."⁷

From Independence to the Díaz Regime

Iturbide's Plan de Iguala was the first to be tried after political independence had been achieved. Under its provisions for a monarchical form of government, Iturbide was proclaimed Emperor of Mexico. His reign was short-lived, however, and in 1824 a constitution was adopted giving to Mexico a republican form of government. Only one constitutional president served out his term, and then the government was usurped by López de Santa Ana, a military despot. It was during his term of anarchy that Texas seceded from Mexico, and after the United States - Mexican war of 1848, was annexed to the United States.

In 1857, under the leadership of a Zapotec jurist named Benito Juárez, a new constitution was adopted, modeled on that of the United States. It recognized everyone as equal before the law, proclaimed freedom of worship, and confiscated all productive property of the Church. Under the ensuing presidential term of Juárez, Mexico successfully weathered the naïve political intervention of the French, and exiled all Spanish religious orders. Following Juárez' sudden death in 1872, Sebastián Lerdo de Tejada served four years as President in true Juárez tradition.

The Díaz Regime

The 34-year long period of the Díaz regime is considered by many Mexicans as one of the most ignominious chapters in their history. In 1877, General Porfirio Díaz took over the presidency by force. Until 1911 he maintained his position by force, and in that year he was ejected by the upsurging forces of the Mexican Revolution.

All social progress that had hitherto resulted from the Constitution of 1857 was annulled. There was no longer any law before which to possess equality. The Indian was subjugated, exploited, and discriminated against. Politically, the Indian was a nonentity. As Brenner describes the Díaz position with respect to the Indian:

"But in a land where not even fifteen percent could read, how absurd to spend money on open elections! How visionary among a people more than ninety percent mixed breed, dominantly Indian, racially inferior! ...It was now Mexico's misfortune to try to progress with such a burden upon it: more than three quarters of the population nearly pure Indian, practically subhuman, degenerate, apathetic, irresponsible, lazy, treacherous, superstitious -- destined to be a slave race. Such beings could never perform, surely could not claim, participation in the acts of government. Let them work, and keep the peace. For them the standard, pan y palo - Bread and Club. The government must be an aristocracy, an aristocracy of brains, technicians, wise and upright elders, scientists."⁸

Díaz was very hospitable to foreigners, urging them to enter and establish industries. He kept law and order among the masses by a very well organized and loyal army. He restored the Church to its former position of power. He liquidated political opponents, many times on the premise

that they were shot "while trying to escape". With the help of his capable Minister of Finance, José Ives Limantour, he brought in much foreign capital, established new industries, and balanced the national budget, for which he was widely acclaimed.

Sentiment against the tyrant reached the boiling point in 1910. Although he was respected and admired by the upper classes and foreigners alike, the vast majority of Mexicans hated him and all he stood for. It was under the leadership of the ill-fated Francisco I. Madero, the son of a wealthy Coahuilan hacendado, that Mexico was finally rid of the dictator.

Taking advantage of an "off the record" --and deceitful-- press statement by Díaz that he would not run for re-election in 1910, Madero started a nation-wide campaign against him under the slogan "no re-election -- effective suffrage". At first the dictator watched, amused, but he became disturbed when important segments of his party, and even some of his cabinet, including Limantour, joined the Madero cause. Madero was proclaimed the presidential candidate of the opposition party.

Díaz' "loyal" army deserted him, and now the aged tyrant realized that all was lost. His científicos, as the members of his cabinet were called, "virtually forsook Díaz in order to make terms with Madero".⁹ In May, 1911, Don Porfirio Díaz,

at the age of 80, signed his abdication and immediately sailed for Paris, where he peaceably spent the remainder of his life.

Madero to Ruíz Cortines: The Mexican Revolution

Thus the period known in Mexican history as the Revolution (with the capital "R") began. Madero was elected President, without opposition, by the masses. As his term drew on, though, the people came to realize that Madero's concepts of Revolution differed basically from theirs. As Parkes says:

"Madero's revolution was a revolution against Díaz. But the hope which had stirred the masses, and which was soon to be expressed in the revolutionary slogan of Tierra y Libertad, was the hope of overthrowing the creole landowners and the científicos, of ridding Mexico both of the descendants of the Spanish conquistadores and of the new capitalist conquistadores from Europe and the United States."¹⁰

Personally, Madero was a weak, idealistic dreamer. Once he had ousted Díaz, he formulated no concrete program of social reconstruction. He meekly followed the orders of his brother, Gustavo, who was soon recognized as the political boss of the Madero administration

Generals Díaz, Reyes, and Zapata revolted against him. When the troops of Bernardo Reyes and Félix Díaz marched into the capital, brother Gustavo found himself forced to call in the notorious General Victoriano Huerta to defend the government. There ensued a bloody ten-day-long battle in which hundreds of innocent citizens were massacred by the wild play of machine-gun fire between the two opposing forces.

Everything was working against the survival of the Mad-

era government: the American government had officially condemned it, the masses had come to loathe it, and, finally, even Huerta betrayed it, killing the President and his brother and taking over the reins of government.

His term as President was one of anarchy, despotism, graft, and corruption. He had no program of reform whatsoever; in fact, his practices of jamming Congress with his friends, appointing his cronies to state governorships, liquidation of his adversaries, rifling the treasury, and giving special privileges to foreign concerns reflected the reign of Porfirio Díaz. Huerta, then, must be considered merely as a bandit, and not in the least a leader in the Revolution for Tierra y Libertad. He was, in principle and practice, opposed to everything the Revolution stood for.

Indignation was strong against him. The armies of Venustiano Carranza, Alvaro Obregón, and Pancho Villa moved down from the north, and that of Emilio Zapata's land-hungry peasants stormed in from the south, burning haciendas, massacring the wealthy landlords, to the slogan "death to Huerta, down with the foreigners, Mexico for Mexicans!"¹¹ Obregón and Carranza moved triumphantly into the city of Mexico after the capitulation of the Federal troops, and Carranza was ushered into the presidency by Obregón.

Under Carranza's administration, the Revolution began moving forward. Obregón worked with him, advising, criti-

cizing, and watching. It was Obregón who was chiefly responsible for drawing up the Constitution of 1917, which legalized, and eventually actualized, many of the reforms sought by the Revolution. The Constitution was patterned largely after that of the United States in its political structure. However, in Article 27 it declared that all Mexican land and the rights to exploit it belonged to the Mexican people. We see here a definitive anti-feudalistic movement with regard to ownership of land. It took away from the powerful Roman Catholic Church all the productive property it had regained during the dark days of the Díaz regime.

New industries had sprung up during the administration of Don Porfirio, and organized labor was beginning to agitate for legislation which would give them the rights to gather into trade unions, conduct negotiations on an equal plane with management, and, if labor problems could not be worked out to their satisfaction, to strike. Article 123 of the new Constitution finally gave them these rights, and soon the Confederación Regional Obrera Mexicana (CROM), Mexico's first labor movement, emerged.

Carranza made attempts to begin the breaking up of the large haciendas, but he accomplished little because of the dishonesty and graft of the local officials. He was totally unable to enforce the order due to his lack of statesmanship. His term has come to be recalled as one of the most corrupt

in the history of Mexican politics.¹²

With the violent overthrow of the Carranza government and the election of Alvaro Obregón as President in 1920, Mexico entered the present era of reconstruction and consolidation, as opposed to the era of bloody revolution from which she had just emerged. As Gruening puts it: "The Obregón regime will represent in history the cooling off of the lava of revolutionary passion."¹³ The almost inevitable military and civilian treachery which characterized Mexican politics was outweighed by Obregón's reconstruction achievements. In line with Article 27 of the Constitution of 1917, Obregón began the breaking up of the large haciendas and the distribution of small tracts of land, known as ejidos, to the landless peasants.

As for his policy toward foreign industries within the country, Obregón was vacillating. Under the provisions of Article 27, he would have been within his rights to expropriate all foreign extractive industries (e.g., oil), but made no attempt to force this rule. He did, however, impose taxes on the oil industry. In a treaty with the United States in 1923, Obregón agreed not to expropriate any foreign mineral rights acquired before 1917, and that the new oil taxes would be used to resume interest payments to foreign bondholders.

During the Obregón administration, the CROM had expanded

greatly in both number and power. It had won the support of the American Federation of Labor, and under its strong man, Luis Morones, crushed those rival unions which it did not assimilate. It was during the years of the administration of Plutarco Elías Calles that it experienced its most rapid growth in these directions.

The election of Calles as President was preceded by the customary pre-election riots. In order to quell these, the treasury was stripped almost bare. The new President, then, had few funds to finance his many plans for social and economic reconstruction. Nonetheless, he quickly made up the deficit and went on to balance the budget, pay internal debts, and resume again interrupted foreign debt installments. He also founded the long-discussed Bank of Mexico, and established a national agricultural bank and four other regional agricultural banks.¹⁴ He built roads and schools, continued the distribution of ejidos, and supported organized labor by appointing Luis Morones, head of CROM, Secretary of Industry. He ruled sternly, keeping a large and loyal army at his fingertips to keep peace and order. In reiterating the oil treaty which Obregón had made with the United States in 1923, Calles gained the good will of that country.

With all respect to Calles' achievements, it must be added that he was a dictator. As Parkes observes:

"The Calles administration was both more progressive and

less liberal than that of Obregón..... He [Calles] had little of Obregón's geniality and tolerance; he proposed to govern as a master, if necessary as a dictator..... Half a dozen years after his accession to the presidency he was still a dictator, but he had lost that zeal for reform which had been his redeeming quality."¹⁵

Perhaps the most outstanding features of his administration were his allowing free rein to the mighty CROM, and his policies of strict separation of Church and State. Although he has been the target of many criticisms for these policies, they were distinct steps of progress in the Revolution.

Following the assassination of Obregón, who had been elected again as President in 1928, Emilio Portes Gil, commonly regarded nowadays as a puppet of Calles, ascended to the presidency. He continued the distribution of lands to the peasants and the conflict with the Church. His revolutionary policies were cut short with the election of a political nonentity, Pascual Ortiz Rubio, and soon afterward, his replacement by Abelardo Rodríguez, a wealthy banker and gambling house proprietor. During the period 1928-1934, commonly referred to as the "Callista Dictatorship", the CROM was crushed, and the National Revolutionary Party (PNR) was established, which was to be the only official political party for many years.

The Revolution gained impetus with the election of the PNR candidate of 1934, Lázaro Cárdenas. Under his honest and efficient leadership, Callistas were purged from the party, land distribution hit a new high, and industries became nation-

alized. His Revolutionary policies were directed more toward agrarian reform than any other phase of the Revolution. During his six years as President, he parceled out 18.6 million acres of land to the peasant, as opposed to only 8.3 for entire 20-year period preceding his administration.¹⁶ He established the National Bank of Ejidal Credit, an agency which loaned money to the small farmer so that he might increase his agricultural efficiency. In 1936, following a strike among the workers on the cotton plantations in the cotton-growing districts of Coahuila and Durango, Cárdenas personally supervised the organization of 600,000 acres of the Laguna area into cooperative farms for 30,000 peasant families.

The Revolution progressed with respect to industry. The Cárdenas policy was favorable to labor and nationalistic with regard to foreign-owned industry. He thereby received strong support from the newly organized Confederation of Mexican Workers (CTM), a federation of labor unions. It was under this policy that the foreign owned railroads were nationalized and the foreign owned oil companies, both British and American were expropriated in 1936 and 1938 respectively.

The economic policies of Cárdenas had world-wide repercussions. As Mosk observes, :

"However justifiable they may have been on other grounds of an economic nature, and on a social and political basis, it must be admitted that government policies during the Cárdenas administration made potential investors even more timid than usual... After the oil expropriation incident in March, 1938, the flight of capital from Mexico assumed large proportions. Some of the additional funds that went abroad or into hoards would probably have gone into long-term investment in industry if it had not been for the Cardenas policies... In this way the reactions of business men to the Cárdenas program have had a retarding influence on the industrialization program of the Avila Camacho and Alemán administrations.¹⁷

With the election of General Avila Camacho as President of Mexico in 1940, the Mexican Revolution was seen to take a decided turn in a new direction. The change was away from agrarian reform and toward industrialization. There were many factors contributing to this change in policy, the most important being Avila Camacho's negative conviction with respect to the Ejido as Mexico's "way out", and the event of the Second World War, during which many new markets were opened for Mexican manufactured products. The position of Avila Camacho with regard to industrialization was summed up by Eduardo Suárez, Minister of Finance:

"... the Administration proposes to work actively for the industrialization of the Mexican Republic, until this is attained. The state does not want to take the role of enterpriser, but rather to help private enterprises to take charge of transforming the [economy of the] country. The plan is to make ample credit at reduced rates of interest available to business men who wish to assume responsibility for expanding production, and who are also prepared to invest some capital in industries which the state is anxious to see developed. Mexico will manufacture a good portion of the articles which she now imports, in order to reduce, in time, her outlays abroad. It is proposed to produce all the steel consumed....., cellulose and derivatives, parafine and lubricants, vegetable oils, chemical products, and cement... [in Mexico]."¹⁸

The administration of Miguel Alemán, from 1946 to 1952, saw an industrialization boom of tremendous size in Mexico. His policies with regard to the Revolution were orientated almost exclusively toward rapid industrialization. He differed with Camacho in one respect, however: he went much further than did his predecessor in inviting foreign capital, especially American, to participate in the economic development. From hydroelectric and irrigation projects to highways and schools, Alemán spent lavishly, if not always wisely.

It appears to be the task of President Adolfo Ruíz Cortines, a conservative and honest statesman, to consolidate the accomplishments of the Alemán administration. In office only since December, 1952,

"Ruíz Cortines has found that it is up to his regime to put furniture in the unfurnished schools, to raise funds to bring professors to the still empty University City, to lay water pipes to fields so that the showy dams can start producing some food."¹⁹

It is expected that industrialization will continue to be the major theme in the Mexican Revolution. We shall have to wait for a while to see how Ruíz Cortines will handle the program. The results of his economic policy and those of both the Camacho and Alemán administrations will be dealt with much more fully in the following chapters.

It is from these varied elements which comprise Mexico that ideals were fomented and fostered, ripening in the development of the CNIT movement. Thus, the aspects of our southern neighbor as a relatively arid, mountainous land with very little arable land, scarce rainfall, and isolated centers of population concentrated mainly in the central valley illustrate tremendous problems of internal cohesion. In spite of the scarcity of arable land, Mexico is, and always has been, primarily an agricultural country. Due to a great degree of Spanish and Indian inter-breeding, the typical Mexican is Mestizo. Paucity of land, subjugation of the Mestizo, and the general poverty of the masses have been the major problems throughout Mexican history. Although Benito Juárez, in the Constitution of 1857, instituted the first sorely needed social reforms, Porfirio Díaz negated much of what Juárez had attempted. Díaz must be credited, however, with inducing foreign capital into Mexico to begin, for all practical purposes, Mexico's economic development. Obregón always will be remembered for his principles embodied in part in the Constitution of 1917, and for the beginning of the distribution of the ejidos, or land parcels, to the masses. Calles, although dictatorial, must be noted for his firm position against the Catholic Church, and for his establishment of a labor union movement. It was Lázaro Cárdenas that united social and economic reforms through land redistribution, nationalization of the railroads, and expropriation of an oil

industry. Presidents Avila Camacho and Alemán have carried on Cárdenas' economic reforms. The fervor of the Revolution currently resembles earlier aspects only slightly because Mexico is dynamic, ever-changing. To meet these changes coming with tremendous rapidity, a new group has arisen to foster the social aims of the country and to ensure national economic security: the CNIT.

CHAPTER II

THE HISTORY OF THE CAMARA NACIONAL DE LA INDUSTRIA DE TRANS- FORMACION, DECEMBER 5, 1941 -- AUGUST 10, 1953

The Industrial Background: The New Group

The administrations of Avila Camacho and of Aleman have represented to many observers a new phase in the Mexican Revolution away from agrarian reform toward economic development. Mosk's work (see footnote 16) presents the most thorough analysis yet published of the new phase of the Revolution. In dealing with the industrialization program, he separates Mexican industrialists into two classifications, the second group being, for the most part, newcomers to industry having youthful, progressive, and extremely nationalistic viewpoints. For the sake of convenience, Mosk refers to this second category of industrialists as the New Group, pointing out that it is not their ne ness per se that separates them from the other industrialists, but rather their common outlook on industrial and national economic policy. We will reserve any lengthy discussion of policy for later chapters, and limit ourselves presently to an examination of the composition and activities of the New Group.

It should be pointed out that some other authorities do not agree with Mosk on his arbitrary classification. For example, Manuel Gomez Morin, head of Mexico's National Action Party (PAN) and Mexican representative of the Bank of

London states:

"... In order to give impetus to the narration, Mosk finds -- or creates -- in the New Group the 'heroic', and the 'villain' in all the other elements of the economic life of Mexico, united in 'a sordid alliance'".²⁰

Gómez Morín maintains that Mosk invents this so-called New Group merely to give vent to his personal deep-seated dislike of Mexican banks and American economic intervention in Mexico. Some other Mexican authorities agree with Mosk in his classification of industrialists into progressive and reactionary group. As the influential Vicente Toledano, Vice President of the World Sindical Federation, President of the Confederación de Trabajadores de la América Latina (CTAL) and head of the Popular Party observes:

"Under the conditions created by the Revolution is born and developed a new group of Mexican industrialists -- as Mosk observed -- who give to our manufacturing activity a clear national content..."²¹

An editorial in a reputable Mexican publication willingly accepts the dual classification, labeling the New Group "a small but extremely energetic and aggressive group showing that industrial nationalism has solid roots in Mexican reality and in the nation's aspirations for economic independence."²²

The number of reliable Mexican industrial authorities who recognize Mosk's New Group as a separate entity is much greater than those denying it. In addition, those denying it, like Gómez Morín, are likely to have vested interests outside Mexico. Taking this into consideration, Mosk's identification of a New Group having the above stated characteris-

tics which differentiate it from other Mexican industrialists is henceforth recognized.

The Economic Background During the Formation of the New Group

The Cárdenas administration had given impetus to a movement toward industrialization. The large expenditures for public works such as water and sewage systems, schools, roads and irrigation projects stimulated the industries producing supplies necessary to these projects.

The demands of World War II gave an unprecedented amount of acceleration to industrialization in Mexico. The United States, Mexico's largest single purchaser, found itself cut off from its European markets. Thus she turned to Mexico for these scarce goods. In addition, the demands from the United States for her re-armament program were increasing as the war became more serious in Europe. Mexico thus found tremendous markets for her manufactured products because of the creation of scarcities due to the war which removed many countries from competition with her.

The Birth of the CNIT

The New Group's attitudes toward Mexican industrialization have been given voice by an official industrial organization known as the Cámara Nacional de la Industria de Transformación. (National Chamber of Manufacturing Industries.) Almost since its inception, the Cámara -- or in its abbreviated form, the CNIT -- has expressed the views of the New Group, which took control of it soon after its establishment.

Originally, the CNIT was an offspring of the Confederation of Industrial Chambers (CCI). The CCI had been founded in 1918 by Congress to promulgate the rights given to Mexican labor in Article 123 of the Constitution of 1917. It was composed of eleven organizations of the textile, oil, and mineral industries, and ten commercial organizations.²³

When, at the outbreak of World War II, Mexican manufacturing industries started expanding and growing, the CCI felt that it was necessary to organize a distinct organization of manufacturing industries. Therefore, on December 5, 1941, the CNIT was established in accordance with rights derived from the Law of Business Organizations of 1908, Article 123 of the Constitution of 1917, and the Law of Business and Industry of 1936.²⁴

Its first president was José Cruz Celis. He was succeeded by Guillermo García Colín and José Rivera R. Perhaps the most outstanding leader in the short but eventful history of the CNIT has been José Domingo Lavín. A millionaire industrialist, he has long promoted the economic nationalism of Mexico. As President of the CNIT succeeding Rivera R., he supervised the drawing up of the pact between the CNIT and CCI in 1946. In 1947, he led a delegation of industrialists to President Alemán to protest the signing of the Havana Charter. An outspoken public figure and a recognized spokesman for Mexican industry, he has lashed out in many pamphlets, books, and public speeches at policies opposed to the rapid industrialization

of Mexico. A distinguished leader of the New Group, he often has criticized loudly and bitterly the "imperialistic" economic policies of the United States in her relations with Mexico. Working with Lavin have been other outstanding leaders in the CNIT, the most notable of whom have all succeeded Lavin to the presidency of that organization: José R. Colín, General Joaquín de la Peña, José M. Meyser, Agustín Foucuc, Alfonso Cardoso, and José Crowley.²⁵

Industries Belonging to the CNIT and Chronic Opponents to the CNIT

At its inception the CNIT was composed of 93 enterprises grouped into 13 sections. Three years later it had grown to include 21 industrial sections: iron, graphic arts, food products, bottling, chemical industrial products, pharmaceutical and medicinal products, woodworking, glass and ceramics, tobacco, wax, construction materials, construction, perfume and toilet goods, wines and liquors, candles, printings, electrical products, cardboard, tin cans, wooden furniture, and non-classified industries.²⁶

A critical appraisal of the above industries indicates that they represent the newest elements in Mexican industry. Their leaders are, for the most part, sympathetic with the nationalistic viewpoints of the New Group. As Mosk comments:

"... for as the New Group crystallized, they took over the leadership of [the CNIT] and converted it into a very active and effective body. From the standpoint of the New Group this was a conquest of great importance, because the organization has official standing as the recognized spokesman for a wide range of manufacturing industries."²⁷

It should be noted, however, that although the CNIT may be the official spokesman for Mexico's manufacturing industries, that not all of that country's manufacturing industries belong to it. Those industries founded before Mexico's period of industrial expansion do not, as a general rule, claim membership in the CNIT. Some of the more notable industries in this category are the textile, shoe, soap, and paper industries. They have their own particular organizations through which they speak and act. According to Mosk, however, these industrialists lately have been attempting to organize in opposition to the policies of the New Group.²⁸ They seem to fear the dynamic drive of the CNIT, the social vision of its policies, and its increasingly influential position in relation to the government. In addition to the opposition of the older industrialists, the CNIT lacks the support of comparatively newer industries which have connections with American enterprises and American capital. Notable examples in this category are to be found in consumer durable goods industries.

Another important group in opposition to the New Group is composed of Mexican bankers. Since the CNIT industries are small and of recent origin, the older and larger industries are a much better credit risk for the banks. There would thus appear to be discrimination against CNIT industries with respect to bank loans.

Three distinct groups have now emerged that may be called chronic opponents to the CNIT:

- 1) Those industries established before the industrial boom in Mexico.
- 2) Those industries having entanglements with Americans as technical advisors, investors, or part owners.
- 3) Most of the larger banks in Mexico.

In spite of this opposition, the CNIT has shown a remarkable growth in terms of numbers, power, influence, prestige, and significance since 1941.

The growth of the CNIT has been due to the efforts of the New Group. Most, in dealing with the New Group states:

"The leaders are few in number but they speak out boldly and often. They are quick to comment on any development that might affect the industries they represent. They take the initiative in attacking opponents. They write pamphlets. Whether consciously or not, they have mastered the art of propaganda, especially in making blunt, categorical statements and in employing repetition, and they have also shown that they know how to go about getting a favorable press in Mexico."²⁹

The Activities of the CNIT During the War

By the end of 1944, the CNIT could boast of the following accomplishments:

- 1) A growth in membership from 2,000 to 5,500 industrial enterprises, the latter number representing 550 million pesos of investment, and 100,000 workers.
- 2) A host of diverse services, including the publication and distribution of notices, informative brochures, and pamphlets.

- 3) Progressive forwarding of measures to raise protective tariffs.
- 4) The obtaining of export licenses, consular invoices of merchandise, and certificates of origin for the merchandise exported by members of the CNIT.
- 5) Exertion to obtain special import permits, especially for materials under United States wartime controls.
- 6) Protests against the classification system of Mexico's social security program.
- 7) The publication of a list of deficiencies in the social security program in the Federal District.
- 8) The obtaining of changes in the composition of the Assembly of the Mexican Institute of Social Security, so that more industrialists were seated in the Assembly.
- 9) The work in the various sections of the CNIT: e.g., the efforts of the food products division to procure goods that had become scarce due to wartime shortages and the lowering of prices on vital chemical products.³⁰

Early in 1945, industrialists of the CNIT took part in an inter-American economic conference which was to prove very significant in the history of United States-Latin American economic relations. The Inter-American Conference on Problems of War and Peace, now known as the Chapultepec Conference, was held in Mexico City to formulate policies of economic development and relations in the Western Hemisphere. The New

Group industrialists, along with similar groups from the other Latin American countries, vigorously opposed the policy proposals of the United States as therein put forth by Assistant Secretary of State William Clayton.

The Clayton Plan evolving from this Conference was essentially a program to reduce all trade barriers in a move back to pure multilateralism. It would have entailed, as the United States proposed in a resolution at the Conference, "work for the elimination of economic nationalism in all its forms."³¹ The CNIT industrialists, as well as economic nationalists from all Latin America, were enraged at the plan, for it proposed to destroy what they were striving to construct: a system of protective tariffs to stimulate industrialization at home. The Clayton Plan was quickly rejected, an accomplishment for which the New Group, speaking through the CNIT, claim much credit. In any case, the CNIT gained power, prestige and momentum by its firm stand in favor of protection of Mexican industries.

Soon after the Chapultepec Conference, delegates from the CNIT were sent to a congressional round-table conference in Mexico City to discuss plans for a new law regarding industrialization. They reached an agreement with congressional leaders and representatives of labor that a new law was needed to replace the 1941 Law of Manufacturing Industries. This Conference finally proposed the Law of Industrial Development which widened the basis of governmental participation in in-

dustry, increased protective tariffs, provided for the retention of all raw materials in Mexico vital to the industrialization program, and made more industries eligible for federal tax exemption.³² The Law was subsequently passed and enacted in February, 1946.³³

The Role of the CNIT in the Postwar Industrialization Program

The postwar period in Mexico saw a continued increase in the power and prestige of the CNIT. By 1946, the Cámara had gained national recognition as the official spokesman for the manufacturing industries. Its activities encompassed ever-widening areas, and its influence on official industrial policy had been strengthened considerably. At the Third National Congress of Industrialists, which convened in January, 1946, every motion or resolution proposed by the CNIT, excepting one, was passed by an overwhelming majority of the industrialists present at the Congress. Tiempo, a magazine of Mexico City hailed it as a victory for "the spokesmen of the new and comprehensive attitudes of Mexican industrialists", and a serious defeat of "the conservative group tied to the political apron strings of the Catholic Church".³⁴

In July, 1946, the CNIT was again victorious. At a session of the National Economic Council, attended by President Avila Camacho himself, bankers' and merchants' delegations opposed those of the CNIT with respect to the degree of import and export controls imposed by the government. The CNIT won over their chronic opponents to their way of thinking, the

conservatives finally accepting a proposal originally presented by a coalition of delegates from the Confederation of Mexican Workers (CTM) and the CNIT. The CNIT - CTM plan created a committee to combat the importation of goods which could be manufactured in Mexico and of all luxury goods. It would also promote the importation of raw materials and machinery for industry and agriculture, and prevent speculation in the importation of scarce goods.

Soon afterward, the CNIT and CTM allied themselves in a pact pledging their mutual untiring efforts toward economic progress and independence for Mexico thereby to bring higher standards of living to the Mexican people.³⁵ The older industrialists looked with distrust upon the pact, terming it "a sinister plot directed against business and industry by labor leaders of leftist sympathies".³⁶ This pact became a symbol of a new employer attitude in labor relations, and led to the establishment of definite plans of action regarding strike-mediation with the CTM. In brief, the mediation plan provided for the settlement of strikes by a board composed of an equal number of CNIT and CTM officials. Mosk writes that up to mid-1949 it had been very successful, failing only twice in more than two hundred cases to achieve a settlement.³⁷

CNIT President José R. Colín, in summarizing the activities of the CNIT at the end of 1946, cited other accomplishments:

- 1) The organization of a round table conference with repre-

representatives of labor for the purpose of discussing the high cost of living. A few days after the conference ended, President Avila Camacho, realizing the gravity of the situation, had created the National Council of Economy, with representatives of the government, labor, farm organizations and the CNIT, to try to resolve the problem.

2) The success of the CNIT in having removed from the then existing commercial treaty between Mexico and the United States more than 100 articles which were permitting the United States to ship finished goods into Mexico which Mexico was herself capable of finishing in her own factories.³⁸

Again in 1946 the CNIT exercised its influence when it conducted a vigorous campaign against the discriminatory practices of commercial banks in rationing out credit. Since 1944, stringent loan ceilings had been in effect. This tightening of credit was felt most severely by the smaller and newer industries. The CNIT, as the spokesman for small industry, was instrumental in bringing about the decision of the Minister of Finance to lift the credit ceilings six weeks later.³⁹

On April 22, 1947, the First National Congress of the CNIT was convened at the Palace of Fine Arts in Mexico City, with General Joaquín de la Peña presiding. Those present included President Miguel Alemán, Under-Secretary of National Economy Manuel Gorman Parra, and Vicente Lombardo Toledano (see p. 20), chief of the CTAL. Government, labor and indus-

try stated their respective positions with respect to state protection of industry, modernization and expansion of industry, and labor-management problems. Resolutions were adopted stating the positive position of the CNIT in regard to governmental economic planning, Mexico's economic independence in relation to the United States and the rest of the industrialized world, export control, price controls, preferential prices on raw materials for domestic industry, the battle against monopolies, protective tariffs, the abrogation of the 1942 commercial treaty with the United States, and increased credit to industry.⁴⁰

The First National Congress of the CNIT was important in terms of showing the growth both in power and prestige of the CNIT since its birth five years previously. It is significant to note the high government officials who were present. Their mere attendance gives some indication of the exemplary role the CNIT was playing in the industrialization program of the Alemán administration.

Not satisfied with their position as the spokesman for manufacturing industries, the CNIT, since early in 1946, has been attempting to take control of its parent organization, the Confederation of Industrial Chambers (CCI). Repeated attempts have been made to increase the number of CNIT delegates in the CCI Executive Board. As yet, the CCI is still controlled by the older industrialists who are striving to maintain the existing balance of power between them and the

New Group of the CNIT. In analyzing their tactics, Mosk says of the CNIT:

"The New Group needs to dominate the Confederación de Cámaras Industriales in order to speak authoritatively for Mexican industry as a whole. One important step in this direction would be the elimination of the non-manufacturing industries from the federation. The New Group is working to this end by means of pressure on the government, for the government has the power to compel a reorganization. Other maneuvers also are, doubtless, being employed. Since gaining control of the Confederación de Cámaras Industriales would be a great victory for the New Group, we can expect them to carry on the fight with energy and determination."⁴¹

Throughout the postwar period, the CNIT has been active in numerous movements relating to the growth of domestic industry and the improvement of methods of production. It has met with representatives of labor to formulate programs of technical assistance to workers, continued its fight for modifications in the commercial treaty with the United States, and sought laws of industrial protection from the government. It has repeatedly lashed out against the Clayton Plan of free trade.

In November, 1947, Finance Minister Ramon Beteta signed the Havana Charter of the United Nations. The CNIT was extremely vociferous in its renunciations of the Charter, pointing out that it was a reiteration of the notorious Clayton Plan. In brief, the Charter provided for the eventual reduction of trade restrictions such as tariffs, import quotas, export and import controls, preferential tariffs and exchange controls.

During the Alemán administration, the CNIT saw many of its proposals realized. As CNIT President Agustín Fouque commented in 1950:

"The government has not always respected us in spite of the justness and soundness of our proposals.... [But] we have now seen how petitions of the CNIT, presented some time ago, and which had been rudely ejected, now shape Mexican reality".⁴²

Here, Fouque alluded to the commercial treaty between the United States and Mexico which the CNIT had been combatting for years, and which the two governments had at last abrogated. He also cited as another example Mexican legislation in opposition to the Clayton Plan of free trade which Mexico previously had virtually condoned with the signing of the Havana Charter. The CNIT had fought the Clayton Plan and similar plans of free trade on the basis that they would destroy Mexican industry by permitting United States goods to compete on an equal plane with Mexican goods in Mexico. Accordingly, the government had soon decided to continue its tariff protection for Mexican industry.

President Alemán again manifested his personal interest in the CNIT by his presence at the inauguration of the new CNIT headquarters in November, 1951. Said CNIT President Alfonso Cardoso in introducing the greatest industrial promoter in Mexican presidential history, "no one could in his own right inaugurate the headquarters of the industrialists with better words than President Alemán."⁴³

Cardoso went on to explain that Alemán has been a deci-

sive contributor to the economic development of the country and has built strong and foresighted foundations for future progress:

"In our task a history guides us sculptured by giants who gave us this soil, entrusted us with a nation, and in secular battles forged the institutions that support the harmonious community of the Mexicans. President Alemán now occupies a place in this history."⁴⁴

Cardoso listed just a few of the outstanding accomplishments of the Alemán administration deserving of the unreserved gratitude of Mexican industrialists:

- 1) The maintenance of large government investments in industry and the stimulation of private investment.
- 2) The active control over credit for industry.
- 3) The abrogation of the Mexican - United States commercial treaty.
- 4) The adoption of ad valorem quotas in the imposing of import tariffs, and the continuation of protective tariffs.
- 5) The means adopted to maintain an adequate stock of raw materials for Mexican industry.
- 6) The standards imposed to establish a general price level.
- 7) The enormous program of public works construction, thus providing income for Mexican industry and an improved standard of living for many citizens.

Alemán replied to the CNIP through Finance Minister Antonio Martínez Baez:

"The industries of the CNIT are contributing decisively to the ultimate realization of the work which since the beginning of the present administration has been the major goal of the government and the people: to achieve the industrial development of Mexico, in which unquestionably lies the common welfare and the greatness of our nation."⁴⁵

He went on to say that industry, especially manufacturing industry, had grown at an unbelievable rate, production had grown and diversified, methods of production had become modernized, and the nuclei of consumers had expanded.

Recently, as we have noted, the new Ruíz Cortines administration has been forced to slow down the industrialization program. Government relations with the CNIT have so far proven relatively insignificant. The only event of importance that has served to bring them together has been the Second National Congress.

The CNIT convened its Second National Congress on August 6, 1953, at the auditorium of the Mexican Institute of Social Security in Mexico City. Represented were all 52 sections and 33 delegations of the CNIT, which now constitute a total of more than 12,000 industrial enterprises.⁴⁶ Many public officials were in attendance, including Finance Minister Gilberto Loyo as the representative of President Ruíz Cortines. During the five days of sessions, the CNIT reviewed its work since 1941 and reiterated and expanded on its viewpoints on many important issues. As the official spokesman for Mexico's younger industries, the CNIT, through its Congress, brought into sharper focus the fervent new spirit of

of the Mexican Revolution.

It may be recalled that the CNIT has gained prominence through the efforts of what Mosk has called the New Group. The formation of this Group, in turn, has been an evolutionary step in the progress of the Mexican Revolution. Begun in 1910 as an agrarian movement, the Revolution has broadened into a concerted drive for widespread social reforms in economic and political areas to raise the standard of living of the masses. This Revolutionary spirit has provided the raison d'être of the New Group and the motivating power of its organization, the CNIT.

CHAPTER III

AN ANALYSIS OF CURRENT C.E.I.T. POLICY

A general conception of the nature of the policies of the CNIT has now been crystallized. Throughout its twelve years of existence, this dynamic group has taken, for the most part, the same fundamental stand on every issue that has concerned the economic development of Mexico. The fervent strain, "Mexico for the Mexicans", can be heard ringing through every action they have taken. A sincere, selfless dedication to the ideals of economic sovereignty for their nation and better living conditions for their people is seen to be providing a peculiarly motivating power to their proposals and recommendations regarding Mexican economic policy. It would be well at this point to examine at closer range these proposals.

No better authority for their objectives can be cited than the Resoluciones of the Second National Congress of the CNIT. 47 After their presentation to the Congress by the 52 sections and 33 delegations of the CNIT, they were approved with only slight modifications.

The Objectives of Mexico's Economic Development

It can be said that in general terms, the fundamental long-range objective of all economically underdeveloped, progressive nations today is not founded on the gaining of power for power's sake, but rather on the ideal of raising the

standard of living of huge masses of population -- an objective of social welfare, seeking the greatest possible good for the greatest possible number.

The first long-range objective of the CNIT is to raise the standard of living of the Mexican people. Over 60% are struggling for existence on poor, mountainous, seasonably arable land. The population is increasing at the alarmingly high rate of 3% per annum -- much more rapidly than progress in agricultural investment or in the federal irrigation program. Thus, the CNIT feels that the standard of living of Mexico's masses will not be raised in a purely agricultural economy. But neither can it be ameliorated by exportation of minerals, it declares: "...Any country in whose economy mineral exploitation represents a large percentage is a country in which economic stability will be long in coming."⁴⁸ This body likens the exploitation and exportation of minerals to the drawing of the very life-blood from the nation.

Experience has taught Mexico that she must not be so economically dependent on any other one country or group of countries. Therefore, the CNIT has established as its second long-range objective the securing of economic self-sufficiency to a greater degree in Mexico.

In order to attain these long-range objectives, the CNIT seeks to employ more Mexicans in manufacturing, increase purchasing power, expand the internal market, encourage more industrial investment, diversify and control imports and ex-

ports, and found Mexican industry on domestic natural resources.

Industrialization is believed to be the key to the economic development of Mexico and the achievement of the above goals. Contrary to many opinions, however, the CNIT does not seek to develop industry at the expense of agricultural progress. As Alfonso Cardoso, ex-President of the CNIT points out:

"We have always maintained that progress in industry and agriculture are complementary and should be combined harmoniously in order to attain economic development."¹⁹

Determining Factors in Industrial Development

The state is called upon to supervise closely the planning of industrial expansion. In this planning, the CNIT believes, the state should take into consideration such factors as demographic pressure, the planned agricultural product, further development of transportation systems, increased supply of fuels and electric power, and greater progress made in industrial research and technology. It is apparent, therefore, that a well-planned program of industrial development must be closely allied with the economic needs of Mexico.

In industrial planning with respect to export products, the CNIT advises a very cautious policy of exportation, especially in regard to non-renewable resources. This body also urges the discontinuation of an export trade based on exploitation of labor paid less than the legally enacted minimum wage. The government must exercise supervision over the

development of industries the products of which are destined for domestic consumption. The multilateral criterion of comparative costs in determining the suitability of an industry is discarded by the CNIT. Other criteria are suggested; such as (a) the study of an industry's costs of production in relation to general costs prevailing in the country, (b) the qualitative and quantitative analysis of its prospective market, (c) the determining of that amount of stimulus such an industry as a consumer would supply to other domestic industries, and (d) the number of workers such an industry would absorb in relation to its capitalization.⁵⁰

The CNIT is anxious to receive as much assistance as possible from the government in legislation favorable to industrial development. The first and foremost task of the government is to attain the maximum possible integration of heavy industries such as iron and steel, cement, and chemical products. Then, on this foundation, the manufacturing industry, spreading across the country to embrace all major consumer centers and employing as many hands as possible, should be integrated to attain maximum efficiency.

Dr. Laszlo Radvanyi of the University of Mexico's National School of Economy wholeheartedly confirms this view:

"The industrialization that Mexico.... needs has as its purpose the creation of contiguous industries that can satisfy all the demands of the population in consumer goods, and the needs of other industries in producer goods. This is possible only if the various industries of the country are mutually complementary within the interdepen-

dent aggregate of the national economy."⁵¹

Industrialization and Natural Resources

Natural resources may be divided into two distinct classifications: renewable and non-renewable. Three examples of renewable natural resources are water, soil, and forests.

Water resources in Mexico are meager, only 7% of the land receiving abundant rainfall. The water shortage is felt by nearly everyone in Mexico from the farmer tilling his dry, perverse soil and the city dweller to the industries and individual households lacking sufficient hydroelectric power. The CNIT recommends a careful program of water conservation that would "strive to maintain the hydrologic equilibrium of the hydrographic reserves so as to prevent new upsets with respect to the generation and supply of electric power".⁵²

Similar measures must also be taken in soil conservation. The CNIT advises the wide use of fertilizers, crop rotation, and other modern methods of conservation, in addition to more scientific agricultural studies to find what crops are best suited to particular types of land.

Deforestation, largely due to uncontrolled methods of charcoal production, has come to be a grave problem in Mexico. The state has only recently begun programs of reforestation, and adequate technical assistance to forest industries in re-seeding and transplanting is sadly lacking. The CNIT

encourages particularly efforts to produce charcoal (Mexico's major fuel) from forest waste products. It recognizes that this generation of Mexicans has an obligation not only to conserve her renewable resources now, using them for the best possible common ends, but to increase them for future generations.

Iron and coal are two of the most important non-renewable natural resources. Recent surveys have indicated that Mexico has approximately 300 million tons of iron in reserve.⁵³ The CNIT feels strongly against the exportation of any more iron ore, since all of it will be needed for Mexico's own industrial requirements.

Coal reserves are estimated to be about 3000 million tons in the North alone.⁵⁴ This body endorses state plans for a new coke plant in northern Mexico to complement the recently-completed Altos Hornos steel plant. It urges state intervention in the immediate abolishment of all established means used by foreign refiners to "rob" Mexicans of such carboniferous sub-products as benzol, ammonia, and tar, which, in themselves, can be the basis for a significant chemical industry.

Industrial Efficiency

By this time, it should be understood that the CNIT in all of its recommendations views the state as the instrument through which its policies can be enacted into social legislation. Unlike the United States government, the Mexican state

is not regarded as the industrial policy-maker, but merely the agent through which already-formulated policies are legalized.

Industrial efficiency, i.e., capacity of production divided by actual production, is another of the fields in which the CNIT urges stringent state supervision. Pointing to the many inefficient industries in Mexico, the CNIT recommends industrial surveys similar to those made by the United Nations in the textile industry to control production, minimize waste, redirect raw materials, make the most efficient possible use of machinery, and lower costs of production. The quality of manufactured goods must be standardized. Methods of production must be simplified, and industries must specialize in order to maximize efficiency.

The high costs of production can be lowered, the CNIT feels, by stricter industrial control of losses. Industrial research must find ways to use waste materials. Although much of the machinery is old, it must be conserved until hard-to-get newer machinery can be procured. The education of employees to the conservation of equipment is an absolute necessity. In addition, the CNIT recommends "the development and application of a national program of training geared to the necessities of industry...." in order to cut present losses due to inefficient labor.⁵⁵

The CNIT sharply criticizes the attitude of industrialists in Mexico who feel that they can increase industrial effi-

ciency merely by purchasing new machinery:

"The establishment of firms with modern equipment is a necessity for countries lacking sufficient labor and having abundant financial resources. However, the suitability of establishing this type of firm is doubtful in countries where an abundance of labor and a scarcity of capital are the dominant factors in the national economy."⁵⁶

In short, the CNIT feels that the best way to maximize industrial efficiency at present is through the absorption of a large labor force into industry, along with gradually improving methods of production on a large scale. It strongly advocates the preparation of skilled Mexican technicians, better localization of industries, inter-firm cooperative planning, improved industrial accounting systems, product standardization, utilization of waste products, and planned technical training geared to the needs of Mexican industry.

Labor-Management Relations

Mexican industrial development must rest on the solid foundation of a large internal market so that it will not have to depend on unsure and fluctuating world markets. However, the internal market is small due to the pitifully low income of the majority of the population. The CNIT sees it absolutely necessary to raise wages so as to expand the internal market. A rise in nominal wages, however, is self-defeating if it is not accompanied by the same rise in real wages; i.e., purchasing power. The requisite for such a simultaneous increase is a proportional increase in production.

Of Mexico's 25.5 million people, only 29% are economically active (i.e., earners of salaries, wages, rents, interests,

and profits), according to the census of 1950. Of this percentage, 90% receive less than 300 pesos (approximately U.S. \$34.70) per month.⁵⁷ This means that only the barest necessities can be purchased by the vast majority of Mexicans. In order to increase their real incomes, expansion of the industrial development must be continued.

Real incomes have decreased since 1939 in the manufacturing industry as in most Mexican industry, due to inflation. Using 1939 as a norm (i.e., 100), it may be shown that nominal salaries of manufacturing workers rose to 344.2 in 1951. However, the cost of living rose during the same period to 412.6, resulting in a net decrease in real wages of 16.8 during this twelve-year period.⁵⁸

In spite of these appalling statistics, the CNIT feels that "the Mexican worker can postpone his personal interests for the attainment of objectives common to management and labor: the economic program and national independence".⁵⁹ Admittedly the idealistic policies of the CNIT must be resolved in compromise, yet the workers should be made to feel that they are performing a vital part of the herculean task of securing economic freedom for the good of all. Management should not act necessarily in accord with the short-run interests of labor, but according to what they judge to be the best for the long-run common welfare. Such cooperativeness between labor and management will play a large role in increasing the real wages of Mexican labor, and, in the long run, of the Mexican consumer.

Domestic Financial Resources

The CNIT believes that industrial investment should be largely domestic.⁶⁰ It points out that although 80% of the economically active Mexican population are engaged in agriculture, mining and industry, 75% of all Mexican banks favor the development of commerce as the basis for the Mexican economy. The bulk of their loans are relatively short-term, while agriculture, mining, and industry require moderate or long-term loans.⁶¹ Industry cannot modernize and expand on such short-term, small, infrequent, and ill-distributed loans as are now granted by Mexican banks. Banking policy should therefore be directed, according to the CNIT, toward the internal financing of industrialization. If private Mexican banking cannot correct the present defects, it is up to the government to effect reforms by means of revised banking laws.

Public financial institutions have also neglected industry, in the opinion of the CNIT. Therefore it urges the creation of public institutions to finance small and medium-sized industries, as do Nacional Financiera for heavy industry and the Banco de Credito Ejidal for agriculture. Thus it criticizes a recent governmental policy directed toward reducing industrial investments in an effort to curb current inflation. The position of the CNIT in respect to this issue is:

"...Any method that seeks to combat inflation by means of a reduction in the level of investments seems equivocal and self-defeating. The best way to fight inflation is to increase production. This objective can be realized only by means of a high level of productive investment...."⁶²

This stand was, in effect, the heart of CNIT policy presented to President Alemán in June, 1952.

Foreign Financial Resources

Contrary to the beliefs of some critics, the CNIT does not condemn foreign investments per se. It views them as a real aid in the financing of Mexican industrialization, but only in a role supplementary and complementary to domestic investment.⁶³ Foreign investments are viewed as an extra impetus in the more rapid attainment of Mexico's long-range economic objectives.

Mexico's most important foreign investors are certain United States governmental agencies, the Export-Import Bank and the World Bank for Reconstruction and Development. The CNIT's comments with respect to this inflow of capital is stated briefly in a note of sarcasm:

"... It should be pointed out that of the total of these loans, part of them granted by the United States Government have consisted of military aid, and that these credits have belonged in the category of "tied loans", that is, credits to buy goods produced in the United States; simply a procedure to subsidize or give fluidity to United States exports."⁶⁴

Nevertheless, it continues, intergovernmental loans are one of the more desirable sources of supplementary capitalization, provided that they are carefully controlled by the Mexican government in full consideration of its capacity to repay them, and in channeling them to the most productive and beneficial uses. Currently the United States is Mexico's major creditor nation. In foreign private investment, also,

United States direct investment predominates.

In opposition to Mexico's heavy dependence on United States capital, the CNIT cites several recent United States attempts to obtain guarantees from Mexico for the security of their private investments. It applauds Mexico's refusal to enter into such bilateral security agreements, stating that foreign investors must conduct their business under the same laws applied to Mexican investors under the Constitution. In fact, the CNIT strongly advocates legislation that would "channelize, regulate, and oversee the investment of foreign capital in Mexico".⁶⁵ In effect, such legislation would subject foreign investments to previous state consent. A state-appointed committee would select only those investments that would benefit national income. It would prevent entry into satiated industrial areas. In addition, it would prevent the use of foreign capital for the exploitation of non-renewable resources and block its entry into strategic industries. A basic provision of the committee would be that any inequalities of taxation existing between domestic and foreign investment would be reduced.⁶⁶

The Manufacturing Industry and Its Acquisition of Raw Materials

One of the greatest problems in need of solution is the reduction of the importation of raw materials for basic industries. Before this can be accomplished, there must be created a sufficient national demand for those materials utilized in Mexican manufacturing. Until this can be achieved in part,

it would be extremely difficult to halt dependence on materials secured abroad that hinder greatly the "vertical integration of Mexico's industrial economy".⁶⁷ CNIT policy states that such basic industries would assure the Mexican manufacturing industries of its necessary raw materials, especially in time of war, provide profitable work for many Mexicans, stimulate domestic industrial investments, and be an important stabilizing influence on the Mexican peso.⁶⁸ It calls for strict state regulations on the importation of producer goods in order to foster the development of such basic industries. The government should be constantly vigilant to prevent the formation of private monopolies. A healthy growth of competition among firms and industries must be encouraged.

Mexico possesses a wealth of raw materials for industrial uses. The CNIT angrily attacks foreign cartels that for too long have been draining the very life blood of Mexico (her raw materials). It calls for speedy action to modernize antiquated laws dealing with foreign investment and to give greater protection in the exploitation and export of Mexican minerals. Furthermore, the CNIT recognizes a necessity for Mexican control over all her mining industries. In addition, it heartily endorses greater railroad construction, establishment of power plants, and the erection of heavy industries and mineral refineries in areas where such resources are concentrated. With regard to the existing Mexican iron

and steel industry supplying the needs of manufacturing, the CNIT urges state protection through more stringent import controls, (not high tariffs) and subsidization of the steel-consuming industries until costs of production can be lowered.

Non-metallic minerals are not being rationally exploited. The CNIT has recently published a book illustrating this fact and demonstrating the importance of sulphur to the agricultural future of Mexico. It has called for planned exploitation of this mineral, similar to that of oil.⁶⁹ It advocates no exportation of non-renewable raw materials until the foreseeable needs of Mexico have been filled for at least the next fifty years.

The Internal Market

The purpose of Mexico's economic program is to satisfy her internal market. At present, industry is not satisfying this market simply because the Mexican masses cannot afford to buy anything but the barest necessities of life. In fact, reliable sources indicate that 85% of the Mexican population experienced a decrease in purchasing power during the boom years 1939-50! Even more appalling are the statistics showing that of this 85%, only 14% received incomes of more than 300 pesos (approximately U.S. \$34.70) per month, and another 14% earned less than 50 pesos (approximately U.S. \$5.80) per month!⁷⁰ To make matters even worse, most of the 15% who realized an increase in purchasing power have imported luxury items, deposited their savings in foreign countries, and

have not invested their capital in Mexico. This may account for the low level of domestic private investment in industry and for the fact that 40% of all domestic investment has to be supplied by the state.⁷¹

The 15% who have gained increased purchasing power since 1939 are largely urban, whereas the most severe reductions in purchasing power have occurred in the rural market. As the CNIT states:

"The agricultural population constitutes the great majority of the Mexican population and its real income has diminished. Hence, there is a lack of coordination between industrial development and the rural market. It is extremely important to distribute the national income in such a way as to favor the Mexican agricultural population."⁷²

In order to expand the internal market, the CNIT proposes that the 15% be taxed heavily, and that the monies thus derived be invested in industry. It advocates the stabilization of prices so as to increase the purchasing power of the rural population. It urges the state to allow more credit to the rural farmer in order to stop the shameful necessity of importing food. The internal market can be stimulated, it feels, by an increased demand by the government for Mexican products.

The Manufacturing Industry and Energy Resources

The CNIT has, for a number of years, conducted research on the power potential of Mexico. Its spokesman, José Domingo Lavín, has emphasized the prime importance of power in this statement:

"The generation of power is the basis of the economic development. Prior to the raw materials, and even to obtain the raw materials, power must be supplied to permit economic production to take place."⁷³

Although Mexico has over-abundant potential resources of power for industrial development, she has nonetheless in recent years found it necessary to import considerable amounts of it from the United States. The CNIT points out that her hydro-electric power potential is estimated at 10 million horsepower, while her reserves of petroleum, gas, and coal alone are sufficient to provide her total requirements for some time to come.⁷⁴

According to the CNIT, the northern border must be electrified in order to lessen the costly importation of power. Through the Federal Commission on Electricity, it contends, the state should increase its investments in electricity, and private power companies should cooperate with this Commission in publicizing their policies in order to encourage private investment. Combustibles should be sold at preferential rates to power plants to lower costs of generation. In addition, the CNIT recommends the establishment of industries to supply parts for the generation, conduction and distribution of electric power.

Apart from its uses in iron smelting, coal is now a significant source of industrial energy. The CNIT urges more domestic investment to make possible the most efficient exploration and exploitation of Mexico's coal resources.

Petroleum is now the most important source of energy in Mexico. The petroleum industry, since its expropriation by the government in 1938, has grown to be one of the most

efficient in the world. The CNIT, pointing to the phenomenal progress of oil since expropriation, would like to see the government take over transportation and hydro-electric power generation as well, especially in the North where power is now being imported. It urges Pemex (the state-controlled oil monopoly) to set up extensive chemical industries to derive many useful products from petroleum and gas (e.g., fertilizers and insecticides for agriculture). It advocates constant vigilance to prevent any foreign encroachments on the petroleum industry, and to limit the exportation of crude oil.⁷⁵

In the field of atomic energy, the CNIT feels that Mexico should watch closely all atomic progress made in other countries. It views as a necessity the preparation of Mexican technicians to investigate its industrial uses.

The Manufacturing Industry and Agriculture

The impetus given to the Agrarian Reform by Lázaro Cárdenas in the thirties formed one of the bases for the subsequent industrial boom. Investments during this period were redirected from large landholdings to industry, proof of which are the statistics showing that investment in the manufacturing industry increased only by 13 million pesos each year between 1930 and 1935, but 253 million each year from 1936 to 1940.⁷⁶

The CNIT criticizes the flaws of the Agrarian Reform, and makes much of the point that production of basic food-

stuffs has declined in relation to the demographic increase. (One result of this decline has been the illegal flight of many desperate agricultural workers into southwestern United States.) It recommends that the state increase and extend agricultural credit and disseminate education in new agricultural methods. In order to effect fairer distribution and lower retail food prices to the rural population, it urges the government to build markets, storage facilities, and centralize points of distribution, especially in central Mexico, where agricultural problems are at their worst.

The government is advised to foster the growth of a modern mechanized agriculture based on the systematic and intensive use of fertilizers, insecticides, agricultural machinery, and the general use of modern agricultural techniques. The CNIT advocates state stimulation of production of both basic foodstuffs for domestic consumption and foodstuffs for industrial uses such as wheat, sugar cane, and tobacco. Little food, it contends, should be exported.

Most significant is the statement by the CNIT that the disparity between the rapid development of industry and the slow progress of agriculture should be corrected. This body deems necessary the establishment of equilibrium between agriculture and industry through state supervision and controls. As it asserts in the Fonencias:

"... It should seek to have industry attending to the needs of the great majority of the rural sector. By the same token, the state should seek to have agriculture direct itself to the best satisfaction of industrial necessities so that in this way, the obstacles that stand in the way of normal and parallel development between both activities may be overcome."⁷⁷

The Manufacturing Industry and Transportation

The railroad industry, like the oil industry, is now a state-run monopoly. Prior to its nationalization, the industry was oriented toward the United States border and the seaports of Mexico, serving as the major channel for the exportation of raw minerals to the highly industrialized countries. More recently, Mexico's own industrialization has pressed Ferrocarriles Nacionales (FF CC NN), the state-owned railroad industry, into a complete re-organization, directed toward the establishment of a well integrated and efficient transportation system inter-connecting all parts of the country. Although some progress has been made in this direction, a tremendous amount of work remains to be done.

The Plan of Railway Reorganization, initiated by the government in 1943, has attempted to improve the state of the roads, cars, roundhouses, repair centers, etc.⁷⁸ The CNIT feels, however, that mere physical improvements cannot solve the multitudinous problems of FF CC NN. Their solution, it holds, will be found only through a complete rebuilding and consolidation program of the national railways. Pointing to the fact that 80% of the financial resources of the FF-CC NN is used for the importation of equipment, the CNIT

proposes that Mexican producers be awarded many of the contracts that are now being filled abroad.⁷⁹ Railroad rehabilitation is mainly a problem of obtaining sufficient domestic investment. The state, according to the CNIT, must take the responsibility, as with any other publically owned utility, of financing the rehabilitation of the railways -- a step which is indispensable to effective economic development.

Although highway construction has far outstripped the progress made in railroad rehabilitation, the CNIT points to many unnecessary duplications in the two systems of transportation. It claims that a poor country with meager transportation investments cannot afford such duplication and calls for more efficient state planning to coordinate investments in both systems.

Mexico's overland transportation systems are poorly connected with her seaports. The CNIT calls for both the enlarging of ports and their direct connection with overland transportation systems in order to reach centers of production. Maritime traffic, it maintains, should be increased by the creation of a domestic merchant marine to connect the ports on each coast. The construction of small ships for an enlarged maritime fleet would stimulate the development of the iron and steel industries in addition to saving many dollars now expended for the shipment of its imports and exports.

The Manufacturing Industry and Heavy Industry

The iron and steel industry must be the basis of the man-

ufacturing industry in any country. Mexico's iron and steel production has provided, during the past few years, only half of the demand for it, thus necessitating much importation of these products. In a book recently published by the CNIT, the creation of a national iron and steel commission is urged to attempt to alleviate this gap between domestic supply and demand.⁸⁰ The commission would determine the present and future needs of the industry, explore present vital resources and plan new plants to satisfy present and future demands of the manufacturing industry. Furthermore, it would investigate the several technological processes of siderurgy and adapt them to Mexico's needs, oversee metallurgical research, and supervise the training of siderurgical technicians so desperately in demand by the Mexican metallurgical industries. This commission would be the policy-maker with respect to the conservation of coal and coke. These non-renewable minerals, in addition to others vital to siderurgy (e.g., manganese, molybdenum, tungsten, vanadium) must be kept within Mexico, the CNIT feels. The exportation of them is equivalent to squandering future production. If they became extinct, it contends, Mexico would have to buy them at astronomically high prices on the world market.

The CNIT points proudly to the success of Femex (see p. 5). From 1947 to 1952, oil production has been increased from 57 million to 80 million barrels annually.⁸¹ Continued explorations have exposed numerous new resources, and the

efficiency of Pemex is such that its prices to consumers are now the lowest in the world.⁸² This body believes that all production of Pemex should be consumed in Mexico to foster both industrial and agricultural progress, and that its successful evolution should be a model for other Mexican industries to follow.

Intelligent planning is clearly needed in the further development of heavy industry in Mexico. The creation, therefore, of a federal siderurgical commission must be effected soon, the CNIT asserts. Using such successful industries as Pemex as its model, the commission must, by means of the aforementioned methods, expand heavy industry to meet the growing demands of manufacturing.

Foreign Trade

Multilateralism, or free trade, is based on the theory that each country should regulate its trade on the basis of those products which it can produce most efficiently. It assumes neither tariffs nor other barriers to the free exchange of goods. Multilateralism has given way to bilateralism, or restricted trade, since the late 19th century. Around 1920, when the United States became the major creditor nation of the world, she lifted her trade barriers high, and has ever since conducted her trade on the basis of separate bilateral agreements with all countries. The recent extension of the United States Reciprocal Trade Agreements and the repeated failures of United States and United Nations groups to ef-

fect movements back to free trade, indicate that bilateral trading will continue for some time to come.⁸³ The CNIT favors the continuation of bilateralism in order to protect Mexico's industrial development, but seeks to have the United States open her ports to Mexican goods in order to give Mexico more buying power for the importation of industrial equipment.

Such bilateral agreements have led Mexico to avoid payments for imports in dollars as far as possible, to repulse international interference in its trade agreements, and to orient importations toward domestic economic development. The CNIT recommends that Mexico export only surplus goods not needed by her, placing as many surplus Mexican manufactured products as possible on the world market, and that Mexico seek to lessen her trade dependence on the United States by diversifying her import and export markets.

Tariffs, in the view of the CNIT, must be placed on products that can be produced in sufficient quantity in Mexico, and lowered on those that would speed Mexico's own industrial development, increase her own productivity, lead to an increase in productive employment, and increase the national income.⁸⁴ It holds, however, that quantitative restrictions must replace tariffs in many cases. When tariffs are ineffective, such as during the "dumping" of surpluses by other countries, quantitative restrictions are needed. Import controls, the CNIT contends, should be such that they allow en-

try of only that amount of product presently not being produced in Mexico. With respect to these goods, tariffs are ineffective, serving only to boost their prices. As for exports, controls are deemed necessary by the CNIT to restrict the exportation of those materials vital to the economic development of Mexico, especially those that can never be replaced.

Industry and the State

The CNIT, it must be remembered, views the government as merely an instrument through which its policies can be fulfilled. As Laszlo Radvanyi declares:

"Analyzing the methods that are needed in order to develop a well-planned industrialization of the country and to assure its national character, it follows that the majority of these methods cannot be carried out without the collaboration of the state, and that a great number of them are measures that only the state can realize."⁸⁵

Due to the devaluation of the peso, moreover, a problem of industrial underinvestment has developed since the war. In order to alleviate this problem, in the opinion of the CNIT, the government should help industries that are experiencing trouble in procuring investments, and should restrain those industries that are overcapitalized in order to bring about the "best total results possible".⁸⁶ Because the state is the power acting in the best interests of Mexico, it should act as a fiscal agent to fill gaps in industrial capitalization (just as imports should fill gaps in domestic supply) when government stimulation does not result in private invest-

ment's filling this need. In addition, the CNIT urges the state to combat private monopolistic practices, to further the growth of competition, to foster technological training, and to avoid entanglements with foreign-owned firms.

A significant contributing influence on Mexico's high cost of living has been the exorbitant cost of distributing agricultural and industrial products. The CNIT calls for the government to bring the consumer nearer the producer through the elimination of excessive middlemen. It encourages the imposition of ceiling prices in all stages of production from raw material to finished product, and in all phases of distribution from producer to consumer.

The foregoing concise exposition has attempted to establish a more clear-cut conception of the avowed policies of the CNIT in fifteen broad areas. It has been essayed to view Mexican economic policy through the eyes of the sincerely selfless, albeit nationalistic or socialistic, New Group. It is now necessary to draw together the diverse threads of criticism regarding these policy proposals in order to form a more objective evaluation of them.

CHAPTER IV

CONCLUSIONS

The Evolution of Revolution

Wherever great masses of people are oppressed by a relatively small aristocracy, social revolution is bound to occur. Such was the case during the bloody era of the French Revolution, the consuming flames of which were kindled by the deep-seated ideals of "liberty, equality, fraternity". Such also has been the case in Mexico during the past 44 years: similar basic ideals of land and liberty which ignited in revolution in 1910 have been sustained by the tinder-dry fuels of poverty, inequality, and foreign exploitation.

There have been three principal social revolutions to change the course of history of the western world -- French, Russian and Mexican. The French Revolution was stopped prematurely in its tracks by Napoleon Bonaparte, and its two subsequent uprisings of 1848 and 1871 were also so effectively arrested that its social objectives were never attained. The Russian Revolution went through to completion. But the Mexican Revolution, while it did not attain the social consummation of the Russian, went much further than the French. It went so far that its initial impetus could not be stopped by opposing forces, and thus it compelled ensuing governments to direct its continuing momentum toward the social objectives never realized during the period of active fighting.

Thus the flames of the Mexican Revolution have eaten their way into the economic sphere where, in their wake, have emerged a highly efficient petroleum industry, a truly Mexican railway system, proud new heavy industries, and many-score small manufacturing industries controlled by Mexican capital.

The Industrial Revolution

The agrarian revolution, begun in 1910, served to clear away the semi-feudal foundations of land tenure, and set the stage for the economic development of Mexico. Contrary to what Mosk intimates throughout his book, the so-called "industrial revolution" is not an isolated event in Mexican history, but a natural result of the agrarian reform. Furthermore, the industrial movement was begun not suddenly with the wartime administration of Avila Camacho, but has its roots in the administration of Mexico's great democrat, Lázaro Cárdenas.⁶⁷

Similarly, the emergence of the New Group was a logical new step in the evolution of the Revolution, and its gaining control of the CNIT provided it with the opportunity to fan the evolutionary flames, and to fulfill its underlying goals. The appeal of the CNIT program, therefore is the basis of the Revolution in its present stage, and industrialization points the way to its eventual realization. As Cline states:

"The only useful basic premise from which to discuss the

modern Mexican economy is that such industrialism has arrived as a permanent, dynamic, and central feature of national life. It has by far passed the stage of 'should we?'.... The venture has passed the point of no return."⁸⁸

Agriculture vs. Industrialism

Contrary to the claims of many American observers, agriculture has progressed considerably since 1911. Land has been parcelled out through the government's ejido program, machinery has been introduced in relatively level areas, and huge irrigation projects have been completed. Small private holdings have shown an unprecedented growth in agricultural production, and the Bank of Ejido Credit has provided many farmers with the finances to increase their production. However, the infertile Mexican soil coupled with one of the highest survival rates in the world has led many observers to conclude that Mexico cannot remain principally an agricultural country and hope to survive. As Simpson declares:

"The ultimate impossibility of forcing the soil to feed the rapidly expanding population is the strongest motive behind the new program of industrialization which has had such a spectacular growth in the past few years. In the words of Adolfo Olive Alba, the able Secretary of Hydraulic Resources: 'Mexico is not, and can never be, an essentially agricultural country, and she will therefore have to orient her destiny toward industrialization.'"⁸⁹

Industrialization, on the other hand, has raised the national income considerably since 1911.⁹⁰ The most significant areas of industrial progress are to be found in the metallurgical, chemical, cement, and electrical industries. Investment of capital is continuing, and laudable production

increases can be noted in the smaller industries such as rayon, foodstuffs, leather, and rubber goods, asbestos and glass.⁹¹

Vicente Lombardo Tolcedano takes offense at the foreign observers like Hosk and Call who declare that Mexican industry is growing too fast.⁹² However, he seems to overlook the fact that industry cannot grow without a concomitant growth in agriculture. Only to the extent that the state provides easier credit, continues large-scale projects of irrigation, and increases its supply of agricultural technicians can the internal market provide a market for industrial products.⁹³

Vocational training is perhaps the most important task of the government in its effort to develop Mexico's economy. Both in industry and agriculture, efficiency can be improved only by actual demonstrations of modern techniques by trained technicians. The lack of such training has contributed considerably to the urgent "wetback" problem in southwestern United States.⁹⁴

The Conservation of Natural Resources

The conservation of water, soil, and the forest reserves of Mexico is absolutely essential. Government-subsidized irrigation projects should be planned primarily for the raising of corn, beans and wheat, the three basic staples of the Mexican diet, therefore, in order to utilize productive land to the best advantage of the Mexican people. Agricultural efficiency

can be increased effectively by the introduction of fertilizers and insecticides, and by the demonstration of the results of crop rotation to those farmers on relatively large parcels of land. Unless the farmer is shown visually modern methods of soil conservation, however, he will remain loath to employ them. The same principles apply to forest conservation.

As for the non-renewable natural resources, the state should set up a commission, as proposed by the CNIT, to study the present and future needs of Mexican industry in relation to the supply of such materials. Its trained technicians should form an advisory board to industries using these resources to inform them of the latest, most efficient methods of production, to decrease losses, and to utilize waste materials.

Controls should be maintained on the exportation of non-renewable resources vital to Mexican industrialization. Where the advisory board foresees the exhaustion of a particular resource, the Office of Export Control must prohibit its exportation. Only those surplus resources not needed for industrial purposes within Mexico should be exported.

The Acquisition and Expansion of an Internal Market

It has already been pointed out that the real income of the great majority of the agricultural population has decreased over the past decade. Corn, the main crop, exhibits one of the poorest yields per hectare of all corn-growing countries in the world, due to adverse natural and climatic

conditions, the ignorance of the masses of modern agricultural methods, and the small plots of land allotted to each farmer by the government's ejido program of land distribution. Furthermore, in a great many cases, the individual ejido is far too small to allow the use of agricultural machinery.

Certainly Mexican industry cannot hope to expand appreciably on the basis of its urban market alone. Its very purpose, moreover, is to raise the standard of living of the rural masses. If agriculture were more mechanized, profits would be higher, and excess labor would be available for small rural industries at relatively higher wages. Thus, it is seen again: industry cannot grow any faster than agriculture; the two are complementary.

The state has already taken steps to facilitate the distribution of corn to needy Mexicans in the Mesa Central. It must assist in the construction of new markets, build storage facilities, and construct new rural roads to make easier the distribution of agricultural products from farmer to consumer.

The Encouraging and Directing of Investments

The Combined Mexican Working Party (see footnote 90) reports that the government welcomes foreign investment. As evidence of it, the Nacional Financiera has sponsored several enterprises partly financed by foreign capital. The government is willing to allow foreigners to hold ownership in certain branches of industry. However, foreign capital has entered slowly since the war, comprising only 7% of total industrial investment from 1946 to 1949.95

The CNIT position with regard to the entrance of foreign capital seems to be the most conducive to the common good of Mexico. Foreign capital should be encouraged only to the extent that it supplements insufficient domestic capital. Never should it be allowed to gain the upper hand in any branch of industry.

Likewise, where private domestic capital is not sufficient, the state must subsidize new and essential industries either through exemptions from taxes or import duties, or through direct subsidization. A credit institution similar to Nacional Financiera is needed for small industry.⁹⁶

The state, as the agent for directing investments, must attend to its responsibilities to agriculture fully as much as to those of industry, for only when agriculture is made more efficient can industry expand appreciably to fulfill its aim of raising the standard of living of the Mexican people.

The Manufacturing Industry

Heavy industry, notably the iron and steel industries, form the basis for the many manufacturing industries in any country. Mexico's heavy industries must be integrated with the manufacturing industries so that the country will not have to import raw materials which could be produced domestically. Heavy industry, which has tended to over-expand since the war, must grow only in accordance with the demands

of the manufacturing industries. Mexican manufacturers, in turn, should strive to buy raw materials produced in Mexico.

The state must also supervise projects to expand electric power and to explore and prudently exploit Mexico's most important source of energy, petroleum.

Contrary to the opinion of the CNIT, it seems that distribution can be effected more efficiently mainly through the improvement and construction of new highways, as opposed to railroads, which have proven themselves less efficient than the highways for distributing goods from plant to plant, and from factory to distributing outlet during the past ten years.

State aid to manufacturing has been in effect since 1940, when the first provisions for exempting new manufacturing industries from the payment of customs duties on specified essential supplies and various other taxes was enacted.⁹⁷ It has been, and should continue to be, a vital part of Mexican economic policy.

CNIT Policies Concerning Foreign Trade

Direct import controls, begun in 1944, have been continued since the war in order to channel imports toward those commodities which would contribute most to the whole Mexican economy.⁹⁸ It appears absolutely necessary that Mexico continue stringent direct controls on imports to prevent the dumping of foreign goods on the Mexican market, and to protect her own growing industries.

In Frank Tannenbaum's recent Mexico: The Struggle for Peace and Bread, the author criticizes sharply the high barrier of protective tariffs now surrounding Mexico. He points to such "inefficient" industries as the textile industry as an outgrowth of the state's program of domestic industrial defense:

"The result is a general tariff program that provides an artificial price stimulus to Mexican manufactures and at the same time increases the cost of living for the mass of the people."⁹⁹

He maintains, along with other impatient American observers, that the tariff walls should be lowered to permit European and United States products to enter the country.

On the contrary, Mexico should retain her tariff walls as she improves the efficiency of her industry. Like the United States, she must build and develop her industry behind sound tariff walls. Only thus can she hope to gain eventual independence from the already industrialized countries of the world, and provide more and better jobs with resultant higher standards of living for her masses.

The state must work along with the CNIT in opposing any international movement such as the antagonistic Clayton Plan designed to lower tariff walls simultaneously and indiscriminately. Such proposals would relegate Mexico to a mere economic colony of the United States. The interests of the Mexican state and the Revolution call for a lowering of tariff walls in highly industrialized countries, and any ma-

for commercial treaty must look to this end.

Mexico as a Welfare State

During the past two decades, the President has had extraordinary power concentrated in his hands; as Tannenbaum observes, "the president is the government."¹⁰⁰ Through six-year plans, expropriation, and public works projects, it has been the aim of his welfare state to supplement domestic private enterprise with public enterprise.¹⁰¹

The position of the CNIT is unique within the welfare state. A body composed of representatives of private enterprise, and opposed to the philosophy of pure socialism, its role has been to propose industrial policy to the government, so that the latter's agencies can make legal such suggestions. The CNIT's position precludes the government's initiating the bulk of industrial legislation.

The CNIT seems to be a major democratic source of power fusing "American individualistic democracy with co-operative group-action and paternalistic state programs...."¹⁰² Those who are inclined to think of Mexico as a socialist state must remember that Mexico has consistently maintained a "hands off" policy with regard to efficient domestic private enterprise, seeking only to supplement private enterprise with public funds in the interest of the common good. Mexico will remain a bulwark of democracy in the western tradition as long as groups such as the CNIT take the initiative in policy-making

and the highly centralized government continues to cooperate with them.

Ethical Implications of the CNIT Program

The ideals of the CNIT are founded on the principles of what the great philosopher Jean Jacques Rousseau has termed "the social contract":

"If the clashing of particular interests made the establishment of societies necessary, the agreement of those very interests made it possible. The common element in these different interests is what forms the social tie; and, were there no point of agreement between them all, no society could exist. It is solely on the basis of this common interest that every society should be governed.... From whatever side we approach our principle, we reach the same conclusion, that the social compact sets up among the citizens an equality of such a kind, that they all bind themselves to observe the same conditions and should therefore all enjoy the same rights."¹⁰³

Rousseau's philosophy, which was instrumental in firing the French Revolution, maintains, like that of the CNIT, that government must seek to effect the best possible good for the greatest possible number. Private short-term interests must be sacrificed, as it were, to the common welfare. Thus, only through what Max Lerner has termed "social intelligence" can a truly ethical community evolve.¹⁰⁴

Mexico's CNIT is a dynamic example of social intelligence in action. Its program is consistent, practicable, sound, and above all, the most ethical possible for Mexico. Its leaders, desiring nothing for themselves, realize that the ethical community of Mexico can be established solely with

the fulfillment of the Revolutionary battlecry, "Mexico for the Mexicans!".

FOOTNOTES

CHAPTER I

1. Preston E. James, Latin America, revised edition. The Odyssey Press: New York, 1950, p. 556.

2. Ibid., p. 560.

3. Government of Mexico, Compendio Estadístico. Mexico City, 1953, p. 32.

4. James, op. cit., supplementary map on "Population Density of Middle America".

5. Ibid., p. 546.

6. Henry Bamford Parkes, A History of Mexico. Houghton Mifflin Co.: New York, 1938, p. 20.

7. Ernest Gruening, Mexico and Its Heritage. Century Co.: New York, 1928, pp. 38-39.

8. Anita Brenner and George R. Leighton, The Wind that Swept Mexico. Harper and Bros.: New York, 1943, p. 6.

9. George B. Winton, Mexico, Past and Present. Cokesbury Press: Nashville, 1928, p. 176.

10. Parkes, op. cit., p. 326.

11. Brenner, op. cit., p. 39.

12. Parkes, op. cit., p. 359.

13. Gruening, op. cit., p. 106.

14. Ibid., p.107.

15. Parkes, op. cit., p. 381.

16. Sanford A. Mosk, Industrial Revolution in Mexico. University of California Press: Los Angeles, 1950, p. 53.

17. Ibid., p. 60.

18. Ibid., p. 61.

19. "Mexico's President Ruiz Cortines", Time, 62:45, September 14, 1953.

CHAPTER II

20. Tiempo, 19:39. Mexico, D.F., August 3, 1951.

21. Problemas Agrícolas e Industriales de México, 3: 294.

Mexico, D.F., April - June, 1951.

22. Ibid., p. 7.
23. Tiempo, 4:32. Mexico, D.F., March 3, 1944.
24. Tiempo, 23:35. Mexico, D.F., August 17, 1953.
25. Ibid., p. 36.
26. Tiempo, 6:27. Mexico, D.F., December 29, 1944.
27. Mosk, op. cit., p. 22.
28. Ibid., p. 23.
29. Ibid., p. 22.
30. Tiempo, 6:29. Mexico, D.F., February 9, 1945.
31. Mosk, op. cit., p. 19.
32. Tiempo, 7:X-XI. Mexico, D.F., July 17, 1945.
33. Mosk, op. cit., p. 65.
34. Tiempo, 8:X. Mexico, D.F., February 1, 1946.
35. Mosk, op. cit., p. 28.
36. Ibid.
37. Ibid., p. 29.
38. Tiempo, 10:40. Mexico, D.F., December 27, 1946.
39. Mosk, op. cit., p. 235.
40. Tiempo, 10:35. Mexico, D.F., May 2, 1947.
41. Mosk, op. cit., p. 31.
42. Tiempo, 18:43. Mexico, D.F., December 22, 1950.
43. Tiempo, 20:3. Mexico, D.F., November 16, 1951.
44. Ibid.
45. Ibid.

46. Tiempo, 23:35. Mexico, D.F., August 17, 1953.

CHAPTER III

47. II Congreso Nacional de la Industria de Transformación, Ponencias. Cámara Nacional de la Industria de Transformación: Mexico, D.F., August, 1953, 355 pp.

48. Ibid., p. 6. (Ponencia I)

49. Alfonso Cardoso, "Experiencias Mexicanas en Economía"; Experiencias en Economía, Alfonso Cardoso, Emilio Portes Gil, Gil Coimbra, José Domingo Lavín. Edición y Distribución Ibero Americana de Publicaciones, S.A: Mexico, D.F., 1953, p. 39.

50. II Congreso, op. cit., Ponencia II, p. 6.

51. Laszlo Radvanyi, "Cómo Debe Industrializarse México"; Problemas Industriales de México, Joaquín de la Peña, Jesús Reyes Heróles, Laszlo Radvanyi, José Domingo Lavín, José Crowley. Edición y Distribución Ibero Americana de Publicaciones, S.A: Mexico, D.F., 1951, p. 72.

52. II Congreso, op. cit., Ponencia III, p. 4.

53. Ibid., p. 11.

54. Ibid., p. 12.

55. Ibid., Ponencia IV, p. 13.

56. Ibid., p. 15.

57. Ibid., Ponencia V, p. 3.

58. Ibid., p. 4.

59. Ibid.

60. For further reading on this issue the reader is referred to: Alfonso Cardoso, Emilio Portes Gil, Gil Coimbra, José Domingo Lavín, op. cit., 203 pp.

61. II Congreso, op. cit., Ponencia VI, Primera Parte, pp. 6-7.

62. Ibid., p. 15.

63. For further reading on this issue the reader is re-

ferred to the following book: Joaquín de la Peña, Jesús Reyes Heróles, Laszlo Radványi, José Domingo Lavín, José Crowley, op. cit., 192 pp.

64. II Congreso, op. cit., Ponencia VI, Segunda Parte, p. 9.

65. Ibid., p. 37.

66. Ibid., p. 38.

67. Ibid., Ponencia VII, p. 4.

68. Ibid., p. 5.

69. For further reading on this issue the reader is referred to: José Crowley, Eli Camí, Manuel Soberanos, Azufre. Edición y Distribución Ibero Americana de Publicaciones, S.A.: Mexico, D.F., 1953, 170 pp.

70. II Congreso, op. cit., Ponencia VIII, p. 7.

71. Ibid., p. 10.

72. Ibid., p. 16.

73. José Domingo Lavín, "Notas Para la Planeación de Energética"; Energética, Hector Cassaigne, José Domingo Lavín, León Avalos Vez, Gustavo Maryssael, Rolfo Ortega Mata, Roberto Atwood. Edición y Distribución Ibero Americana de Publicaciones, S.A.: Mexico, D.F., 1953. p. 19.

74. II Congreso, op. cit., Ponencia IX, Primera Parte, p. 24.

75. An interesting note is discernible in the following statement by the CEIE in II Congreso, op. cit., Ponencia IX, Primera Parte, p. 10:

"It is preferable that we conserve our wealth in petroleum by means of technical exploitation with which Pemex would crop out its deposits and reserves, rather than to squander them at disastrously low prices on the international market.... We can leave this ostentation of economic waste to those countries in the hands of private interests, of monopolistic nature, who are concerned only with their own private enrichment without taking into account common interests."

76. II Congreso, op. cit., Ponencia IX, Segunda Parte, p. 3.

77. Ibid., p. 15.

78. Ibid., Ponencia IX, Tercera Parte, p. 9.

79. Ibid.

80. See: Joaquín de la Peña, Laszlo Radvanyi, Jorge Heyser, José Crowley, Eli Cami, Alberto Frost, La Industria Siderúrgica en México. Edición y Distribución Ibero Americana de Publicaciones, S.A.: Mexico, D.F., 1951, 213 pp.

81. II Congreso, op. cit., Ponencia IX, Primera Parte, p. 3.

82. Ibid., p. 5.

83. For further reading about CNIT reactions to recent American attempts to lower trade barriers, the reader is referred to the following books: Agustín Fouque, El Tratado de Comercio México-Americano. Edición y Distribución Ibero Americana de Publicaciones, S.A.; Mexico, D.F., 1949, 196 pp., and Jesús Reyes Heróles, La Carta de La Habana. Edición y Distribución Ibero Americana de Publicaciones, S.A.: Mexico, D.F., 1948, 194 pp.

84. II Congreso, op. cit., Ponencia X, p. 16.

85. Joaquín de la Peña, Jesús Reyes Heróles, Laszlo Radvanyi, José Domingo Lavín, José Crowley, op. cit., p. 99.

86. II Congreso, op. cit., Ponencia XI, p. 3.

CHAPTER IV

87. Vicente Lombardo Toledano, op. cit., (see footnote 22) pp. 289-296, points out that from 1935 to 1940 industry was growing, capital investment increasing steadily, contrary to Mosk's statements that industrial capital fled during the Lázaro Cárdenas administration. Toledano's contention is that the agrarian revolution freed the "serfs" from the land, thus providing more hands for Mexican industry.

88. Howard F. Cline, The United States and Mexico. The Harvard University Press: Cambridge, Massachusetts, 1953, p. 360.

89. Leslie Byrd Simpson, Many Mexicos. The University of California Press: Berkeley and Los Angeles, 1952, p. 32.

90. Report of the Combined Mexican Working Party, The

Economic Development of Mexico. Johns Hopkins Press: Baltimore, 1953, p. 18: "... It must be concluded that an impressive increase in national income was achieved with limited resources from 1939 to 1950. In no previous period in Mexican history was the rate of economic growth as high as in this period. Mexico would be doing exceptionally well if the same rate of expansion in per capita income could be maintained over the next ten years."

91. Frank Tannenbaum, Mexico: The Struggle for Peace and Bread. Knopf and Co.: New York, 1950, p. 200.

92. Torne Clark Call, The Mexican Venture. Oxford University Press: New York, 1953, p. 256: "... /Mexico/ is attempting a Roosevelt administration sociology with something less than a Cleveland administration economy." He thinks that Mexico's economy is unbalanced disastrously toward industry and that more agricultural development must take place, so that Mexico may achieve the highest degree possible of agricultural self-sufficiency.

93. Cline, op. cit., p. 386. Cline has the right idea, basically the same as that of the CNIT, when he states: "... The 'industrial revolution' has merged two distinct recent tendencies: urban industrialism and 'technical agrarianism' General increases in improvements in credit, transportation, irrigation, marketing, political mechanisms, finances, and national morale, so noticeable during the past decade, have bound country sides and towns together. Both share in the immediate blessings thus created. The reciprocal effect of urban developments on rural life, and country betterments on city-bound interests, is a fact of prime magnitude."

94. Korck, William, "The Wetback Story". Latin America in the Cold War, Walter H. Daniels, editor. The H.W. Wilson Co.: New York, 1952, pp. 58-59. He further states that "By 1950 almost 500,000 illegals had been apprehended.... In the Lower Rio Grande Valley where the greatest concentration of illegals has taken place, the wetback work for as little as 15 cents an hour."

95. Combined Mexican Working Party, op. cit., p. 82.

96. For further reading about Nacional Financiera, the reader is referred to: Ibid., pp. 78-79.

97. U.S. Tariff Commission, Economic Controls and Commercial Policy in Mexico. Washington, 1946, p. 24.

98. Ibid., p. 26.
99. Fannenbaum, op. cit., p. 224.
100. Ibid., p. 98.
101. George Wythe, Industry in Latin America. Columbia University Press: New York, 1945, p. 309.
102. Call, op. cit., p. 24.
103. Jean Jaques Rousseau, The Social Contract. Dutton: New York, 1913, pp. 26-28.
104. Max Lerner, It Is Later Than You Think. Viking Press: New York, 1943, p. 246.

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ABSTRACT

Assuming the reader's unfamiliarity with the Mexican scene, the first chapter presents a bird's-eye view of the Mexican terrain, its climate, vegetation and inhabitants, along with a broad and comprehensive view of Mexican history since 1519. The effect of the land and its resources upon the history of Mexico is shown to have sparked the Mexican Revolution, which, instigated in 1910, has far from completed its course. The greater part of Chapter I is devoted to an objective exposition of the bloody campaigns, military coups, heroes and villains of the earlier years of the Revolution, along with an account of its course during the past two relatively peaceful decades, in which the revolutionary fervor has been diverted to the task of raising the standard of living of the people of Mexico through extremely nationalistic economic policies. This account is designed to acquaint the reader in a general manner with current-day Mexico in preparation for the much more specialized areas of inquiry comprising the following chapters. Its major contention is that, contrary to what many non-Mexican observers incorrectly maintain, the Revolution lives on.

The shift in emphasis from agrarian to economic revolution has been clearly discernible during the past two decades. This movement has been highlighted by the establishment of Nacional Financiera, the expropriation of railroads and petroleum, the enactment of the Law of Manufacturing Industries,

and the founding of the Cámara Nacional de la Industria de Transformación (CNIT).

Chapter II introduces the CNIT to the reader and presents a thorough treatment of its history from the date of its establishment through mid-1953. It traces the constitutional and statutory foundations of this body and describes the New Group's taking control of it soon after its founding. The New Group, as defined by Sanford A. Mosk, is that group of Mexican industrialists who wish to see their people gain economic sovereignty through the domestic industrialization of Mexican resources and the exclusion of foreign interests. The conquest by the New Group was a most significant event in the history of the CNIT, for it has brought this body into prominence as a principal forger of Mexican economic policy. Throughout its twelve short years of existence, the CNIT has fought indefatigably to effect state action that would contribute to Mexico's own economic development and make her more independent of the great industrial giants of the world.

Its accomplishments have been many and varied. It has campaigned loudly for easier credit to small industry, and has seen realized a remarkable growth in manufacturing production. It has allied itself with Mexico's major labor union confederation and has worked diligently with it to negotiate strikes. It has written numerous articles and written pamphlets decrying the efforts of foreign and international bo-

dies to lower Mexican trade barriers to allow the entrance of foreign goods. It has shown a remarkable growth since 1941, and now is attempting to take control of its parent organization, so that it may speak authoritatively for all Mexican industry.

The Second National Congress of the CNIT, which convened in August, 1953, at Mexico City discussed economic policy and reviewed its past accomplishments, its immediate goals, and its long-range objectives. The substance of Chapter III is derived from the Resoluciones of this Congress. The latter unpublished work offers the most authentic, recent, and comprehensive presentation of the policies of the CNIT available in mid-1953. The CNIT therein states its long-range objectives to be the securing of economic independence for Mexico and the raising of the standard of living for the great masses of population the incomes of which afford them only slightly more than the lowest levels of existence. In order to effect attainment of these goals, says the CNIT, Mexico must industrialize, drawing the excess labor from a modernized agriculture to large centers of industrial production. The CNIT does not advocate the development of industry at the expense of agricultural production, however, as some observers mistakenly contend. Only to the extent that improved technical methods are introduced and adopted by agriculture can industry make appreciable gains.

According to the CNIT, both natural and non-renewable resources must be conserved. State agencies must undertake studies of the future needs of Mexican industry and advise it how to utilize most efficiently these resources. There must be inter-industry integration in the direction of lessening the need for foreign raw materials and producer goods. Monopolies must be combatted, and competition encouraged. Only in cases where surpluses exist should natural resources be exported. Import controls should also be maintained and strengthened to aid the relatively new and small Mexican industries.

The author's findings and conclusions are presented in Chapter IV. Unless specifically stated otherwise, all opinions in this chapter are those of the author, and do not, therefore, always conform with those of the CNIT.

The Revolution has evolved from a primarily agrarian movement to a crusade directed toward the eventual securing of higher standards of living for the great masses of Mexico. The work of the CNIT has been an important contributing factor to the perpetuation of the Revolution. Its policies, in general, are practicable, sound, and reflect a sincere and consistent dedication to the highly humanitarian long-range goals of the CNIT. Its stand against the lowering of Mexico's tariff walls is both understandable and completely justifiable, since the entrance of foreign-produced goods would ne-

gate much of the progress already made in Mexican industry. The United States has gained the undisputed economic leadership of the world behind high tariff walls; Mexico would do well to follow her northern neighbor's example.

The position of the CNIT is unique within the welfare state of Mexico. Composed of representatives of domestic private enterprise, its historic function has been to formulate economic policy and to present it to the state for approval and enactment. The state has never taken over control of any domestic means of production that was operating at a reasonable level of efficiency, nor does it desire to do so. Neither does it intend to plan Mexico's economy in an inflexible manner; such planning must be effected by private enterprise. So long as private enterprise, through the CNIT, plans the economic development of the country, Mexico will remain a bulwark of democracy.

The CNIT is the epitome of "social intelligence" in action. Its program is the Revolution in its present stage, and represents, through its consistent dedication to the principle of "promoting the greatest good for the greatest possible number" the most ethical course of action open to Mexico.