



The Diaz System

The slavery and peonage of Mexico, the poverty and illiteracy, the general prostration of the people, are due, in my humble judgment, to the financial and political organization that at present rules that country—in a word, to what I shall call the “system” of General Porfirio Diaz.

That these conditions can be traced in a measure to the history of Mexico during past generations, is true. I do not wish to be unfair to General Diaz in the least degree. The Spanish Dons made slaves and peons of the Mexican people. Yet never did they grind the people as they are ground today. In Spanish times the peon at least had his own little patch of ground, his own humble shelter; today he has nothing. Moreover, the Declaration of Independence, proclaimed just one hundred years ago, in 1810, proclaimed also the abolition of chattel slavery. Slavery was abolished, though not entirely. Succeeding Mexican governments of class and of church and of the individual held the people in bondage little less severe. But finally came a democratic movement which broke the back of the church, which overthrew the rule of caste, which adopted a form of

government as modern as our own, which freed the slave in fact as well as in name, which gave the lands of the people back to the people, which wiped the slate clean of the blood of the past.

It was at this juncture that General Porfirio Diaz, without any valid excuse and apparently for no other reason than personal ambition, stirred up a series of revolutions which finally ended in his capture of the governmental powers of the land. While professing to respect the progressive institutions which Juarez and Lerdo had established before him, he built up a system all his own, a system in which he personally was the central and all-controlling figure, in which his individual caprice was the constitution and the law, in which all circumstances and all men, big and little, were bent or broken at his will. Like Louis XIV, The State—Porfirio Diaz was The State!

It was under Porfirio Diaz that slavery and peonage were re-established in Mexico, and on a more merciless basis than they had existed even under the Spanish Dons. Therefore, I can see no injustice in charging at least a preponderance of the blame for these conditions upon the system of Diaz.

I say the “system of Diaz” rather than Diaz personally because, though he is the keystone of the arch, though he is the government of Mexico more completely than is any other individual the government of any large country on the planet, yet no one man can stand alone in his iniquity. Diaz is the central prop of the slavery, but there are other props without which the system could not continue upright for a single day. For example, there is the collection of commercial interests which profits by the Diaz system of slavery and autocracy, and which puts no insignificant part of its tremendous powers to holding the central prop upright in exchange for the special privileges that it receives. Not the least among these commercial interests are American, which, I blush to say, are quite as aggressive defenders of the Diaz citadel as any. Indeed, as I shall show in future chapters, these American interests undoubtedly form the de-

termining force in the continuation of Mexican slavery. Thus does Mexican slavery come home to us in the full sense of the term. For the horrors of Yucatan and Valle Nacional, Diaz is to blame, but so are we; we are to blame insofar as governmental powers over which we are conceded to have some control are employed under our very eyes for the perpetuation of a regime of which slavery and peonage are an integral part.

In order that the reader may understand the Diaz system and its responsibility in the degradation of the Mexican people, it will be well to go back and trace briefly the beginnings of that system. Mexico is spoken of throughout the world as a Republic. That is because it was once a Republic and still pretends to be one. Mexico has a constitution which has never been repealed, a constitution said to be modeled after our own, and one which is, indeed, like ours in the main. Like ours, it provides for a national congress, state legislatures and municipal aldermen to make the laws, federal, state and local judges to interpret them, and a president, governors and local executives to administer them. Like ours, it provides for manhood suffrage, freedom of the press and of speech, equality before the law, and the other guarantees of life, liberty and the pursuit of happiness which we ourselves enjoy, in a degree, as a matter of course.

Such was Mexico forty years ago. Forty years ago Mexico was at peace with the world. She had just overthrown, after a heroic war, the foreign prince, Maximilian, who had been seated as emperor by the armies of Napoleon Third of France. Her president, Benito Juarez, is today recognized in Mexico and out of Mexico as one of the most able as well as unselfish patriots of Mexican history. Never since Cortez fired his ships there on the gulf coast had Mexico enjoyed such prospects of political freedom, industrial prosperity and general advancement.

But in spite of these facts and the additional fact that he was deeply indebted to Juarez, all his military promotions having been received at the hands of the latter, General Porfirio Diaz stirred up

a series of rebellions for the purpose of securing for himself the supreme power of the land. Diaz not only led one armed rebellion against a peaceable, constitutional and popularly approved government, but he led three of them. For nine years he plotted as a common rebel. The support that he received came chiefly from bandits, criminals and professional soldiers who were disgruntled at the anti-militarist policy which Juarez had inaugurated and which, if he could have carried it out a little farther, would have been effective in preventing military revolutions in the future—and from the Catholic church.

Repeatedly it was proved that the people did not want Diaz at the head of their government. Three times during his first five years of plotting he was an unsuccessful candidate at the polls. In 1867 he received a little more than one-third the votes counted for Juarez. In 1871 he received about three-fifths as many votes as Juarez. In 1872, after the death of Juarez, he ran against Lerdo de Tejada and received only one-fifteenth as many votes as his opponent. While in arms he was looked upon as a common rebel at home and abroad and when he marched into the national capital at the head of a victorious army and proclaimed himself president hardly a European nation would at first recognize the upstart government, while the United States for a time threatened complications.

In defiance of the will of the majority of the people of Mexico, General Diaz, thirty-four years ago, came to the head of government. In defiance of the will of the majority of the people he has remained there ever since—except for four years, from 1880 to 1884, when he turned the palace over to an intimate friend, Manuel Gonzalez, on the distinct understanding that at the end of the four years Gonzalez would turn it back to him again.

Since no man can rule an unwilling people without taking away the liberties of that people, it can be very easily understood what sort of regime General Diaz found it necessary to establish in order to make his power secure. By the use of the army and the police

powers generally, he controlled elections, the press and public speech and made of popular government a farce. By distributing the public offices among his generals and granting them free rein to plunder at will, he assured himself of the continued use of the army. By making political combinations with men high in the esteem of the Catholic church and permitting it to be whispered about that the church was to regain some of its former powers, he gained the silent support of the priests and the Pope. By promising full payment of all foreign debts and launching at once upon a policy of distributing favors among citizens of other countries, he made his peace with the world at large.

In other words, General Diaz, with a skill that none can deny, annexed to himself all the elements of power in the country except the nation at large. On the one hand, he had a military dictatorship. On the other, he had a financial camarilla. Himself was the center of the arch and he was compelled to pay the price. The price was the nation at large. He created a machine and oiled the machine with the flesh and blood of a people. He rewarded all except the people; the people were the sacrifice. Inevitable as the blackness of night, in contrast to the sun-glory of the dictator, came the degradation of the people—the slavery, the peonage and every misery that walks with poverty, the abolition of democracy and the personal security that breeds providence, self-respect and worthy ambition; in a word, general demoralization, depravity.

Take, for example, Diaz's method of rewarding his military chiefs, the men who helped him overthrow the government of Lerdo. As quickly as possible after assuming the power, he installed his generals as governors of the various states and organized them and other influential figures in the nation into a national plunderbund. Thus he assured himself of the continued loyalty of the generals, on the one hand, and put them where he could most effectively use them for keeping down the people, on the other. One variety of rich plum which he handed out in those early days to his governors came

in the form of charters giving his governors the right, as individuals, to organize companies and build railroads, each charter carrying with it a huge sum as a railroad subsidy.

The national government paid for the road and then the governor and his most influential friends owned it. Usually the railroads were ridiculous affairs, were of narrow-gauge and of the very cheapest materials, but the subsidy was very large, sufficient to build the road and probably equip it besides. During his first term of four years in office Diaz passed sixty-one railroad subsidy acts containing appropriations aggregating \$40,000,000, and all but two or three of these acts were in favor of governors of states. In a number of cases not a mile of railroad was actually built, but the subsidies are supposed to have been paid, anyhow. In nearly every case the subsidy was the same, \$12,880 per mile in Mexican silver, and in those days Mexican silver was nearly on a par with gold.

This huge sum was taken out of the national treasury and was supposedly paid to the governors, although Mexican politicians of the old times have assured me that it was divided, a part going out as actual subsidies and a part going directly into the hands of Diaz to be used in building up his machine in other quarters.

Certainly something more than mere loyalty, however invaluable it was, was required of the governors in exchange for such rich financial plums. It is a well authenticated fact that governors were required to pay a fixed sum annually for the privilege of exploiting to the limit the graft possibilities of their offices. For a long time Manuel Romero Rubio, father-in-law of Diaz, was the collector of these perquisites, the offices bringing in anywhere from \$10,000 to \$50,000 per year.

The largest single perquisite whereby Diaz enriched himself, the members of his immediate family, his friends, his governors, his financial ring and his foreign favorites, was found for a long time in the confiscation of the lands of the common people—a confiscation, in fact, which is going on to this day. Note that this land robbery

was the first direct step in the path of the Mexican people back to their bondage as slaves and peons.

In a previous chapter I showed how the lands of the Yaquis of Sonora were taken from them and given to political favorites of the ruler. The lands of the Mayas of Yucatan, now enslaved by the *henequen* planters, were taken from them in almost the same manner. The final act in this confiscation was accomplished in the year 1904, when the national government set aside the last of their lands into a territory called Quintana Roo. This territory contains 43,000 square kilometers or 27,000 square miles. It is larger than the present state of Yucatan by 8,000 square kilometers, and moreover is the most promising land of the entire peninsula. Separated from the island of Cuba by a narrow strait, its soil and climate are strikingly similar to those of Cuba and experts have declared that there is no reason why Quintana Roo should not one day become as great a tobacco-growing country as Cuba. Further than that, its hillsides are thickly covered with the most valuable cabinet and dyewoods in the world. It is this magnificent country which, as the last chapter in the life of the Mayas as a nation, the Diaz government took and handed over to eight Mexican politicians.

In like manner have the Mayos of Sonora, the Papagos, the Tomosachics—in fact, practically all the native peoples of Mexico—been reduced to peonage, if not to slavery. Small holders of every tribe and nation have gradually been expropriated until today their number as property holders is almost down to zero. Their lands are in the hands of members of the governmental machine, or persons to whom the members of the machine have sold for profit—or in the hands of foreigners.

This is why the typical Mexican farm is the million-acre farm, why it has been so easy for such Americans as William Randolph Hearst, Harrison Gray Otis, E. H. Harriman, the Rockefellers, the Guggenheims and numerous others each to have obtained possession of millions of Mexican acres. This is why Secretary of Fomento

Molina holds more than 15,000,000 acres of the soil of Mexico, why ex-Governor Terrazas, of Chihuahua, owns 15,000,000 acres of the soil of that state, why Finance Minister Limantour, Mrs. Porfirio Diaz, Vice-President Corral, Governor Pimentel, of Chiapas, Governor Landa y Escandon of the Federal District, Governor Pablo Escandon of Morelos, Governor Ahumada of Jalisco, Governor Cosio of Queretaro, Governor Mercado of Michoacan, Governor Canedo of Sinaloa, Governor Cahuantzi of Tlaxcala, and many other members of the Diaz machine are not only millionaires, but they are millionaires in Mexican real estate.

Chief among the methods used in getting the lands away from the people in general was through a land registration law which Diaz fathered. This law permitted any person to go out and claim any lands to which the possessor could not prove a recorded title. Since up to the time the law was enacted it was not the custom to record titles, this meant all the lands in Mexico. When a man possessed a home which his father had possessed before him, and which his grandfather had possessed, which his great-grandfather had possessed, and which had been in the family as far back as history knew, then he considered that he owned that home, all of his neighbors considered that he owned it, and all governments up to that of Diaz recognized his right to that home.

Supposing that a strict registration law became necessary in the course of evolution, had this law been enacted for the purpose of protecting the land owners instead of plundering them the government would, naturally, have sent agents through the country to appraise the people of the new law and to help them register their property and keep their homes. But this was not done and the conclusion is inevitable that the law was passed for the purpose of plundering.

At all events, the result of the law was a plundering. No sooner had it been passed than the aforesaid members of the government machine, headed by the father-in-law of Diaz, and Diaz himself,

formed land companies and sent out agents, not to help the people keep their lands, but to select the most desirable lands in the country, register them, and evict the owners. This they did on a most tremendous scale. Thus hundreds of thousands of small farmers lost their property. Thus small farmers are still losing their property. In order to cite an example, I reprint a dispatch dated Merida, Yucatan, April 11, 1909, and published April 12 in the Mexican Herald, an American daily newspaper printed in Mexico City:

Merida, April 11.—Minister Olegario Molina, of the Department of Fomento, Colonization and Industry, has made a denouncement before the agency here of extensive territory lying adjacent to his lands in Tizimin *partido*. The denouncement was made through Esteban Rejon Garcia, his *administrador* at that place.

The section was taken on the ground that those now occupying them have no documents or titles of ownership.

They measure 2,700 hectares (about 6,000 acres, or over nine square miles), and include perfectly organized towns, some fine ranches, including those of Laureano Breseno and Rafael Aguilar, and other properties. The *jefe politico* of Tizimin has notified the population of the town, the owners and laborers on the ranches, and others on the lands, that they will be obliged to vacate within two months or become subject to the new owner.

The present occupants have lived for years upon the land and have cultivated and improved much of it. Some have lived there from generation to generation, and have thought themselves the rightful owners, having inherited it from the original 'squatters.'

Mr. Rejon Garcia has also denounced other similar public lands in the Espita partido.

Another favorite means of confiscating the homes of small owners is found in the juggling of state taxes. State taxes in Mexico are fearfully and wonderfully made. Especially in the less populous districts owners are taxed inversely as they stand in favor with the personality who represents the government in their particular dis-

trict. No court, board or other responsible body sits to review unjust assessments. The *jefe politico* may charge one farmer five times as much per acre as he charges the farmer across the fence, and yet Farmer No. 1 has no redress unless he is rich and powerful. He must pay, and if he cannot, the farm is a little later listed among the properties of the *jefe politico*, or one of the members of his family, or among the properties of the governor of the state or one of the members of his family. But if he is rich and powerful he is often not taxed at all. American promoters in Mexico escape taxation so nearly invariably that the impression has got abroad in this country that land pays no taxes in Mexico. Even Frederick Palmer made a statement to this effect in his recent writings about that country.

Of course such bandit methods as were employed and are still employed were certain to meet with resistance, and so we find numerous instances of regiments of soldiers being called out to enforce collection of taxes or the eviction of time-honored land-holders. Mexican history of the past generation is blotched with stories of massacres having their cause in this thing. Among the most noted of these massacres are those of Papantla and Tomosachic. Manuel Romero Rubio, the late father-in-law of General Diaz, denounced the lands of several thousand farmers in the vicinity of Papantla, Veracruz. Diaz backed him up with several regiments of regulars and before the farmers were all evicted four hundred, or some such number, were killed. In the year 1892, General Lauro Carrillo, who was then governor of Chihuahua, laid a tax on the town of Tomosachic, center of the Tomosachic settlement, which it was impossible for the people to pay. The immediate cause of the exorbitant tax, so the story goes, was that the authorities of the town had refused Carrillo some paintings which adorned the walls of their church and which he desired for his own home. Carrillo carried away some leading men of the town as hostages, and when the people still refused to pay, he sent soldiers for more hostages. The soldiers were driven away, after which Carrillo laid siege to the town with eight

regiments. In the end the town was burned and a churchful of women and children were burned, too. Accounts of the Tomosachic massacre place the number of killed variously at from 800 to 2,000.

Cases of more recent blood spillings in the same cause are numerous. Hardly a month passes today without there being one or more reports in Mexican papers of disturbances, the result of confiscation of homes, either through the denunciation method or the excuse of nonpayment of taxes. Notable among these was the case of San Andreas, State of Chihuahua, which was exploited in the Mexican press in April, 1909. According to those press reports, the state authorities confiscated lands of several score of farmers, the excuse being that the owners were delinquent in their taxes. The farmers resisted eviction in a body and two carloads of troops, hurried to the scene from the capital of the state, promptly cleaned them out, shooting some and chasing half a hundred of them into the mountains. Here they stayed until starved out, when they straggled back, begging for mercy. As they came they were thrown into jail, men, women and children. The government carefully concealed the truth as to the number killed in the skirmish with the troops, but reports place it at from five to twenty-five.

An incident of the same class was that of San Carlos, also in the State of Chihuahua, which occurred in August, 1909. At San Carlos, center of a farming district, the misuse of the taxing power became so unbearable that four hundred small farmers banded together, defied a force of fifty *rurales*, forcibly deposed the *jefe politico*, and elected another in his place, then went back to their plows. It was a little revolution which the newspaper reports of the time declared was the first of its kind to which the present government of Mexico ever yielded. Whether the popularly constituted local government was permitted to remain or whether it was later overthrown by a regiment of soldiers is not recorded, though the latter seems most likely.

Graft is an established institution in the public offices of Mexico.

It is a right vested in the office itself, is recognized as such, and is respectable. There are two main functions attached to each public office, one a privilege, the other a duty. The privilege is that of using the special powers of the office for the amassing of a personal fortune; the duty is that of preventing the people from entering into any activities that may endanger the stability of the existing regime. Theoretically, the fulfillment of the duty is judged as balancing the harvest of the privilege, but with all offices and all places this is not so, and so we find offices of particularly rosy possibilities selling for a fixed price. Examples are those of the *jefes politicos* in districts where the slave trade is peculiarly remunerative, as at Pachuca, Oaxaca, Veracruz, Orizaba, Cordoba and Rio Blanco; of the districts in which the drafting of soldiers for the army is especially let to the *jefes politicos*; of the towns in which the gambling privileges are let as a monopoly to the mayors thereof; of the states in which there exist opportunities extraordinary for governors to graft off the army supply contracts.

Monopolies called "concessions," which are nothing more nor less than trusts created by governmental decree, are dealt in openly by the Mexican government. Some of these concessions are sold for cash, but the rule is to give them away gratis or for a nominal price, the real price being collected in political support. The public domain is sold in huge tracts for a nominal price or for nothing at all, the money price, when paid at all, averaging about fifty Mexican *centavos* an acre. But never does the government sell to any individual or company not of its own special choice; that is, the public domain is by no means open to all comers on equal terms. Public concessions worth millions of dollars—to use the water of a river for irrigation purposes, or for power, to engage in this or that monopoly, have been given away, but not indiscriminately. These things are the coin with which political support is bought and as such are grafts, pure and simple.

Public action of any sort is never taken for the sake of improving

the condition of the common people. It is taken with a view to making the government more secure in its position. Mexico is a land of special privileges extraordinary, though frequently special privileges are provided for in the name of the common people. An instance is that of the "Agricultural Bank," which was created in 1908. To read the press reports concerning the purpose of this bank one would imagine that the government had launched into a gigantic and benevolent scheme to re-establish its expropriated people in agriculture. The purpose, it was said, was to loan money to needy farmers. But nothing could be farther from the truth, for the purpose is to help out the rich farmer, and only the richest in the land. The bank has now been loaning money for two years, but so far not a single case has been recorded in which aid was given to help a farm that comprised less than thousands of acres. Millions have been loaned on private irrigation projects, but never in lumps of less than several tens of thousands. In the United States the farmer class is an humble class indeed; in Mexico the typical farmer is the king of millionaires, a little potentate. In Mexico, because of the special privileges given by the government, medievalism still prevails outside the cities. The barons are richer and more powerful than were the landed aristocrats before the French Revolution, and the canaille poorer, more miserable.

And the special financial privileges centering in the cities are no less remarkable than the special privileges given to the exploiters of the *hacienda* slave. There is a financial ring consisting of members of the Diaz machine and their close associates, who pluck all the financial plums of the "republic," who get the contracts, the franchises and the concessions, and whom the large aggregations of foreign capital which secure a footing in the country find it necessary to take as coupon-clipping partners. The "Banco Nacional," an institution having some fifty-four branches and which has been compared flatteringly to the Bank of England, is the special financial vehicle of the government camarilla. It monopolizes the major por-

tion of the banking business of the country and is a convenient cloak for the larger grafts, such as the railway merger, the true significance of which I shall present in a future chapter.

Diaz encourages foreign capital, for foreign capital means the support of foreign governments. American capital has a smoother time with Diaz than it has even with its own government, which is very fine from the point of view of American capital, but not so good from the point of view of the Mexican people. Diaz has even entered into direct partnership with certain aggregations of foreign capital, granting these aggregations special privileges in some lines which he has refused to his own millionaires. These foreign partnerships which Diaz has formed have made his government international insofar as the props which support his system are concerned. The certainty of foreign intervention in his favor has been one of the powerful forces which have prevented the Mexican people from using arms to remove a ruler who imposed himself upon them by the use of arms.

When I come to deal with the American partners of Diaz I mention those of no other nationality in the same breath, but it will be well to bear in mind that England, especially, is nearly as heavily as interested in Mexico as is the United States. While this country has \$900,000,000 (these are the figures given by Consul General Shanklin about the first of the year 1910) invested in Mexico, England (according to the *South American Journal*) has \$750,000,000. However, these figures by no means represent the ratio between the degree of political influence exerted by the two countries. There the United States bests all the other countries combined.

Yet there are two English corporations so closely identified with the Mexican financial ring as to deserve special mention. They are the combination represented by Dr. F. S. Pearson, of Canada and London, and the other corporation distinct from the first, S. Pearson & Son, Limited. Of Dr. F. S. Pearson it is boasted that he can get any concession that he wants in Mexico, barring alone such a one

as would antagonize other foreign interests equally powerful. Dr. Pearson owns the electric railway system of the Federal District and furnishes the vast quantity of electric light and power used in that political division of Mexico. Among other things, he is also a strong power along the American border, where he and his associates own the Mexico Northwestern Railway and several smaller lines, as well as vast tracts of lands and huge lumber interests. In Chihuahua he is establishing a large steel plant and in El Paso, just across the line, he is building a half million dollar sawmill as a part of his Mexican projects.

S. Pearson & Son have been given so many valuable concessions in Mexico that they were responsible for the invention of the term, "the partners of Diaz." Through concessions given them by the government they are in possession of vast oil lands, most of which are unexploited, yet so many of which are producing that the company recently gave out a statement that it would hereafter be in a position to supply its entire trade with Mexican oil. Its distributing company, "El Aguila," contains on its directorate a number of Diaz's closest friends. Pearson & Son, also, have monopolized the contracts for deepening and improving the harbors of Mexico. Since their advent into the country some fourteen years ago the government treasury has paid to this concern \$200,000,000 for work on the harbors of Salina Cruz and Coatzacoalcos, and the Isthmus railroad. This amount, a government engineer told me personally, is an even double the price that should have been paid for the work. In 1908 Diaz's congress appropriated \$50,000,000 to install an extensive irrigation project on the Rio Nasus, for the benefit of the cotton barons of the Laguna district in the State of Durango. Immediately afterwards the Pearson company organized a subsidiary irrigation concern with a capital of one million. The new company drew up plans for a dam, whereupon the Diaz congress promptly voted \$10,000,000 out of the \$50,000,000 to be paid to the Pearsons for their dam.

In this chapter I have attempted to give the reader an idea of the means which General Diaz employed to attract support to his government. To sum up, by means of a careful placing of public offices, public contracts and special privileges of multitudinous sorts, Diaz absorbed all of the more powerful men and interests within his sphere and made them a part of his machine. Gradually the country passed into the hands of his officeholders, their friends, and foreigners. And for this the people paid, not only with their lands, but with their flesh and blood. They paid in peonage and slavery. For this they forfeited liberty, democracy and the blessings of progress. And because human beings do not forfeit these things without a struggle, there was necessarily another function of the Diaz machine than that of distributing gifts, another material that went into the structure of his government than favors. Privilege—repression; they go hand in hand. In this chapter I have attempted to sketch a picture of the privilege attached to the Diaz system; in the succeeding chapter I shall attempt to define its elements of repression.