

AMERICAN EXPORT TRADE WITH MEXICO

3
APPROVED:

Eli P. Cox, Jr.
Major Professor

James H. Brown
Minor Professor

O. P. Curry
Dean of the School of Business

James H. Brown
Dean of the Graduate School

AMERICAN EXPORT TRADE WITH MEXICO

THESIS

**Presented to the Graduate Council of the North
Texas State Teachers College in Partial
Fulfillment of the Requirements**

For the Degree of

MASTER OF ARTS

By

Donald Earl Williams, B. A.

**151949
Italy, Texas**

January, 1948

TABLE OF CONTENTS

	Page
LIST OF TABLES	iv
Chapter	
I. INTRODUCTION	1
Purpose of the Study	
Sources of Data	
Method of Procedure	
II. A SURVEY AND ANALYSIS OF GOODS EXPORTED TO MEXICO FROM THE UNITED STATES	3
III. NECESSITY OF FOREIGN TRADE AND WAYS OF CARRYING IT ON	17
Necessity for Foreign Trade	
Ways of Carrying on Export Trade	
Precautions Needed in Foreign Trade	
Information Aids to the Would-be Exporter	
Problems of an Exporter Trading with Mexico	
IV. ASPECTS OF THE MEXICAN MARKET AND THEIR IMPLICATIONS FOR EXPORT TRADE	40
Geographical Factors	
Population Factors	
Communication and Transportation	
Industrialization	
Labor Legislation	
Summary	
V. OUTLOOK FOR THE FUTURE OF MEXICAN-UNITED STATES TRADE AND CONCLUSIONS GAINED FROM THE STUDY	61
Outlook for the Future	
Conclusions	
BIBLIOGRAPHY	68

LIST OF TABLES

Table	Page
1. Amount of Minerals other than Gold and Silver Exported by Mexico to the United States from 1938 through June 30, 1944	7
2. Type and Amount of Vegetable and Animal Raw Materials Exported by Mexico to the United States During the Years 1942 to 1945, Inclusive	8

CHAPTER I

INTRODUCTION

Purpose of the Study

The purpose of the study is to make a survey and analysis of the export trade of the United States with Mexico. Attention is given to the kinds and types of goods exported to Mexico and imported from it, to the value of the trade, to some ways of carrying it on, and to aspects of Mexican life that influence trade relations.

Sources of Data

The data were obtained from many sources. Literature on the subject was read for the general background and for many of the statistics given. Interviews with executives of firms actually doing business in Mexico were held in order to obtain information on how to get started in trade with that country and some of the actual difficulties met with in carrying on this trade. These firms, however, asked that their names not be used in reporting the interviews. Reports of the Department of Commerce and various government statistics were used.

Method of Procedure

The study has been under way for three months. Literature

on any phase of the subject was read in order to get a background for the main study of export trade. After the subject was well in mind, trips were made to Dallas, Texas, to interview different firms engaged in export trade to Mexico. Dallas is now a port of entry for foreign goods, and a great deal of the trade to and from Mexico is channeled through this port. Once the material was collected, it was divided into three main parts: a survey of the kinds and amounts of goods exported to and imported from Mexico, ways of carrying on this trade, and aspects of Mexican life that influence export trade.

CHAPTER II

A SURVEY AND ANALYSIS OF GOODS EXPORTED TO MEXICO FROM THE UNITED STATES

There has been an interchange of goods between the United States and Mexico for a long period of time. Since the countries border on one another, such a situation might be regarded as natural. The two countries, however, have many reasons for trade other than the fact that they adjoin each other. George Wythe, Chief of the Latin American section of the Bureau of Foreign and Domestic Commerce, summarizes these reasons as follows:

1. The United States and Mexico have a common frontier for a distance of 1,833 miles.

2. The United States is the only country with which Mexico has through highway and railway connections. Mexico also has better steamship connections with the United States than with any other country. Communications are facilitated by long-distance telephone service, by telegraph, cable and radio service, and by air mail, passenger and express service.

3. There is a very large American colony in Mexico, and an even larger Mexican colony in the United States; and there is a large interchange of students and visitors.

4. The goods and produce of the two countries are to a large extent complementary rather than competitive.

5. Mexico can secure deliveries more quickly from the United States than from any other country. This is frequently of great importance, especially as regards parts and replacements. The fact that it

is not necessary for an importer to tie up his money for so long a time enables the Mexican dealers to make important savings on the cost turnover.

6. There are large investments of American capital in Mexican farms, mines, railways, factories and commercial establishments, and American technicians are employed in a considerable number of enterprises that are American owned.¹

Before World Wars I and II the United States of America played a subordinate role in the economic life of Mexico. Great Britain provided Mexico with about one third of its imports, while the United States and Germany together provided another third.² Imports from France, the Netherlands, Spain, and other Latin American countries constituted the remaining third. World War II especially gave the United States a temporary monopoly of that market, supplying those countries in large measure with manufactured commodities, iron and steel, coal, chemicals and textiles.³ After World War I a large part of that trade again returned to the European countries but the United States of America has retained its place as the chief source of supply for Mexican imports. World War II re-emphasized the economic dependence of Mexico and the United States on each other. A study of the nature of these imports and exports to the United States will aid in an understanding of the general

¹Harold M. Young, "Our Commercial Relations with Mexico," Mexico and the United States, p. 200.

²Albert L. Seeman, "Middle America," Geography of Middle America, p. 6.

³Ibid.

problem of the importance of the export trade from the United States to Mexico.

United States exports to Mexico include hundreds of items, but the three principal groups in recent years have been machinery, iron and steel products, and motor vehicles. In 1937 forty-nine per cent of the exports from the United States to Mexico consisted of machinery and metals and metal manufactures, and fifteen per cent was vehicles. An intensive drive by the Mexican government to industrialize the country and a huge public works program have caused a large increase in exports of machinery and equipment to Mexico.⁴

Prior to the depression, Mexico bought large quantities of foodstuff from the United States, particularly lard, wheat, flour, and eggs. In 1929 foodstuffs accounted for 15.3 per cent of the total value of United States exports to Mexico, but by 1937 the percentage had dropped to only 4.4 per cent.⁵ Mexico has been carrying on a program to increase farm production and the amount of foodstuffs produced in Mexico has been constantly increasing. This accounts for the drop in food purchases from the United States.⁶ Nearly all of the exports of the United States to

⁴"Mexico Eyes Gains in '48," Dallas Morning News, January 6, 1948, p. 2.

⁵Young, op. cit., p. 201

⁶Ibid.

Mexico within recent years have consisted of manufactured or semi-manufactured goods such as heavy machinery, automobiles, photographic equipment, bicycles, watches, and musical instruments. Nearly all the imports from Mexico consist of raw materials such as silver, raw fibers, and tropical fruits.⁷ Trade between the two countries then has been largely non-competitive.

According to Seeman, the largest item of export from Mexico to the United States is silver. The production of silver is one of the important industries of Mexico. The United States bought \$71,051,000 worth of silver and gold from Mexico in 1937 and \$55,248,000 worth of all other merchandise such as raw fibers, handicraft, and tropical fruits.⁸ The United States is the principal market for Mexican silver. Other minerals are also mined in Mexico and exported to the United States, and the demand for these minerals is steadily growing. Table 1 shows the amount of minerals other than gold and silver sent from Mexico to the United States from 1938 through June 30, 1944.

Imports of lead, copper, and zinc, it is indicated, increased greatly during the war period. Arsenic and antimony decreased. A number of other minerals such as tin and tungsten vital to the war effort were also imported and these could have been obtained only with the greatest

⁷Ibid.

⁸Seeman, op. cit., p. 6.

TABLE 1

AMOUNT OF MINERALS OTHER THAN GOLD AND SILVER
EXPORTED BY MEXICO TO THE UNITED STATES
FROM 1938 THROUGH JUNE 30, 1944*

Mineral	Number of Tons 1938-1941	Number of Tons 1942-1944
Lead.....	238,900	545,000
Copper.....	164,800	265,000
Zinc.....	256,900	410,000
Arsenic.....	27,000	4,500
Antimony.....	33,000	8,500
Mica.....		324,000
Manganese.....		42,000
Strontium.....		8,000
Feldspar.....		32,000
Tin.....		355
Mercury.....		72,000 (flasks)
Bismuth.....		326,000 (kilos)
Tungsten.....		555

*Pauline Kibbe, Latin Americans in Texas, p. 77.

difficulty elsewhere.⁹

Mexico also is normally the principal foreign source of supply to the United States of chicle, fresh tomatoes, and bananas. In 1937 the United States imported a total of well over sixty-six million bunches of bananas and over sixteen and three-quarter million bunches of these were from Mexico. Most of the bananas in Mexico that are grown for export come to the United States.¹⁰

⁹Pauline Kibbe, Latin Americans in Texas, p. 77.

¹⁰United States Department of Commerce, 1937 Review of United States Foreign Trade in Bananas, p. 3.

Mexico also contributed many vegetable and animal raw materials to the export trade to the United States during the war. Table 2 shows the type and amount of these products.¹¹

TABLE 2

TYPE AND AMOUNT OF VEGETABLE AND ANIMAL RAW
MATERIALS EXPORTED BY MEXICO TO THE
UNITED STATES DURING THE YEARS
1942 TO 1945, INCLUSIVE*

Product	Number of Tons
Hennequen fibre	104,574
Ixtle fibre	22,200
Rope	3,250
Fibre for rope	11,500
Cottonseed	5,066
Goat skins	293,000 skins
Animal hair	125,000 kilos

*Kibbe, op. cit., p. 77.

Mexico has been increasingly important in the coffee trade, particularly in the Southwestern states. In 1937 more than forty-one million pounds of green or raw coffee were imported into the United States from Mexico.¹²

A great deal of the foreign trade with Mexico is channeled through the seaports of Texas and across the border which is over 1,800 miles long. In 1936 the Galveston district, which includes Houston and Texas City, was the second

¹¹Kibbe, op. cit., p. 77.

¹²United States Department of Commerce, 1937 Review of United States Foreign Trade in Coffee, Cocoa Beans and Products, and Tea, p. 7.

largest shipping district in the United States. New Orleans was the third largest district in exporting and a great deal of the trade from this port also went to Mexico.¹³ The entire Southwest is vitally affected by foreign trade and without these exports that went through the customs districts of New Orleans, Galveston, and the Texas border, the purchasing power of the entire area would be much smaller. Foreign trade contributes materially to the well-being of this area.

The principal items of import from Mexico into the United States are duty free. However, two fairly important articles, petroleum and copper, were affected by excise taxes enacted in 1932; and the Tariff Act of 1930 raised the duties on a few articles of interest to Mexico, principally cattle and fresh tomatoes and peas. Wherever the goods are non-competitive, it has been the policy of the United States to admit them duty free from Mexico into this country.¹⁴

The Mexican tariff, on the other hand, is a very detailed one and practically all articles of export from the United States to Mexico are subject to duties. Within recent years the tariff has been used for protective purposes more than for revenue. In the case of machinery and other

¹³United States Department of Commerce, Commerce Reports, No. 5, January 29, 1938, p. 111.

¹⁴Young, op. cit., p. 202.

equipment and specialties not readily produced in Mexico the duties are moderate; on practically all articles that are manufactured in Mexico or which Mexico is capable of manufacturing, the duties are high. Practically all the tariff rates were increased by Mexico in 1938.¹⁵

The use of duties to control the prices of commodities has become increasingly popular in Mexico within the past decade. On June 25, 1937, a decree was promulgated establishing far-reaching control over the production, distribution, and prices of commodities which may be declared by the Department of National Economy to be of fundamental importance. Under the provisions of this decree, it will also be possible to exercise control over imports of commodities whenever, in the opinion of the Department of National Economy, such control is necessary for the protection of the domestic price structure.¹⁶

This possibility of control over imports to protect the domestic price structure has been realized to a large degree since the close of World War II. In January, 1943, an agreement was reached between Mexico and the United States to facilitate trade during the existing emergency and to provide a basis for expansion after the war.¹⁷ It was to run for three years and longer unless renounced by one of

¹⁵Ibid.

¹⁶Ibid., p. 204.

¹⁷New York Times, December 24, 1942, p. 25.

the principal parties. It continues to exist although opposition has been expressed to it in both the United States and in Mexico.¹⁸ The agreement affected twenty-nine per cent of the total import trade from the United States based on the figure for 1939 imports. Its principal concession was the removal of the oil quota imposed by Mexico on the exports of oil to the United States. The tariff duty on oil was reduced fifty per cent also. On the articles affected by the agreement, the tariffs were lowered by percentages ranging from seventeen to forty per cent.¹⁹ On December 5, 1945, despite this agreement, the Mexican government put a long list of restrictions upon certain imports, principally luxury items.²⁰

The action was taken, it was believed, in the fear that the United States would "dump" a great deal of army surplus materials into foreign trade and disrupt normal purchasing transactions. The restriction announcement gave to the Secretariat of the Treasury all powers as to the issuance of import licenses. The restricted list includes such articles as lard, compounds, plastics, celluloid, rubber, metal and wood toys, chemical and pharmaceutical products, iron and wood refrigerators, iron and steel furniture, bath fixtures, oiled and waxed cotton cloth, organic

¹⁸ New York Times, January 26, 1947, p. 20.

¹⁹ New York Times, December 16, 1945, p. 13.

²⁰ Ibid.

salts, acetylene, insecticides, absorbent cotton, varnishes, non-electric stoves, heaters, ovens, and toasters.²¹ These restrictions were regarded by both Mexican and American exporters as violations of the Trade Agreement.

The restrictions have dealt a serious blow to exports of the United States to Mexico, and the charge has been made that they violated the provisions of the Trade Agreement which specified that neither government would impose any restriction on importation, sale, distribution, or use of any article which is the growth, produce, or manufacture of the other country. The restrictions were also charged with being a violation of Section X of the Agreement which provided for mutual consultation before any such act was passed.²²

The Mexican officials took the view that the measure does not violate any section of the Agreement. They claim that the restrictions were necessary for protecting new industries, and combatting inflation. The restrictions, they said, were intended to protect Mexico against the dumping of American war surplus goods on the Mexican market and to insure proper distribution of scarce articles. Since this was primarily a blow at Mexican merchants, there was little protest on the part of the American exporter.

The Civilian Production Administration in the United

²²Ibid.

States of America sought to establish quotas on exports in 1946 and succeeded in doing so.²³ Such action raised the resentment of foreign traders and Latin-American customers. They charged that the United States had forsaken them. American exporters feared a loss of prestige and future markets. The Latin-American customers charged that the United States producers were failing to supply an adequate share of available goods. The traders requested that normal percentages be followed. The Civilian Production Commission stated that an inflated foreign market would drain a domestic market, and maintained that its action in setting up quotas for exports was necessary. The American exporters maintained that foreigners must maintain their dollar balance if trade relations were to be carried on.²⁴

The Office of International Trade of the Commerce Department of Mexico announced on April 1, 1947, that it was removing a number of items from the list that had been required to obtain an export license. There were over fifty items on the list and they included iron and steel manufactures, certain hide and leather products, automobiles and automobile tires, and some chemical items.²⁵ By June eighty per cent of the items under the control of export

²³New York Times, July 14, 1946, Sec. III, p. 1.

²⁴Ibid.

²⁵New York Times, April 1, 1947, p. 45.

licensing had been removed. In May the Bank of Mexico asked its associate banks not to grant credits for importation of perfumes, jewelry, radios, high style shoes, fancy textiles, top-price refrigerators, and stoves.²⁶ This was a measure against inflation. The bulk of these articles come to Mexico from America. Importers in Mexico complained about such a request, but the Bank of Mexico said that public deposits will be used to develop products in Mexico.²⁷

The regional director of the International Office of Trade in New York City said that the recent tightening of the Mexican market was a downward readjustment from post-war inflation and speculation rather than a recession.²⁸ In the meantime, however, Mexico has developed an unfavorable trade balance with the United States. In April, 1947, Mexican imports from the United States amounted to sixty million dollars, while the exports were only thirty million dollars.²⁹ The policy of the International Bank and the American government to help their Latin-American neighbor keeps the exchange ratio pegged at four and eight-tenths pesos to the dollar.³⁰ If the unfavorable balance continues, import quotas of the Mexican government are likely

²⁶New York Times, May 19, 1947, p. 7.

²⁷Ibid.

²⁸New York Times, June 22, 1947, p. 28.

²⁹Ibid., p. 4.

³⁰Ibid.

to be wiped out altogether and absolute restrictions invoked. On December 14, 1947, the United States government announced its willingness for Mexico to impose tariff duties on all imports from the United States.³¹ This was done in a good-neighbor gesture to aid Mexico in her effort to stop the rapid decline in her foreign credit balance. Mexico previously had announced its intention to place a temporary embargo on luxury articles and increase import duties on semi-luxury items.³²

At the end of World War II, Mexican dollar reserves stood at \$350,000,000. In December, 1947, these reserves had shrunk to \$200,000,000 and were continuing to shrink.³³ It was said that the savings of the Mexican people were being used to buy non-essential articles and wasting economic possibilities. A National Import Control Commission was set up to fix trade quotas among the export nations. In order to prevent "black market" practices, the government said it would take responsibility to see that the articles affected by the decree would be sold at an official ceiling price to be fixed immediately. The decree provided for eventual relaxation of embargo and decreases at future dates. Increase in import duties was to be adjusted

³¹Dallas Morning News, December 14, 1947, p. 1.

³²Ibid.

³³New York Times, July 11, 1947, p. 8.

in proportion to the cost of imported goods.³⁴

Washington holds that the above decree does not change the basic policy, although results were quick in being noted. At the end of the first week of trading under the new decree, the finance minister announced that the demand for American dollars had declined fifty per cent.³⁵ Heretofore the huge supplies had been paid for in dollars, and once the supply was restricted, the demand for dollars decreased. A United States bank executive said his demand had dropped twenty-five per cent. A private Mexican bank said exchange drafts had dropped off sixty per cent.³⁶

This is the situation existing at the present time, the end of the year, 1947. The unfavorable trade balance stands at \$175,000,000 a year.³⁷ Some steps will have to be taken to create a favorable trade balance if the trade of the United States is to continue with Mexico. The importance of holding and expanding this trade is obvious. Attention will be given in subsequent chapters of the study to ways and means of accomplishing this end.

³⁴New York Times, July 20, 1947, p. 25.

³⁵Ibid.

³⁶Ibid.

³⁷Ibid.

CHAPTER III

NECESSITY OF FOREIGN TRADE AND WAYS OF CARRYING IT ON

Necessity for Foreign Trade

In the progress of civilization trade has played an important part. The discovery of the Americas was due to the desire of European countries to discover a shorter trade route to India for goods produced only there. The exchange of goods between countries and between people has been an integral part of the life of any country or of any people. There are many reasons why a country should engage in foreign trade and these may be briefly summarized as follows:

1. "Export trade is domestic trade extended. It is an integral part of total trade. It is profitable."¹

2. The United States should engage in export trade for the good of the world as well as its own welfare. Heretofore, the country has given the major portion of its efforts to developing its own land and industry; its vast trade potentials are needed by the world to help develop all parts of it.

¹Eugene Van Cleaf, Getting into Foreign Trade, p. 3.

3. Exports help to smooth the annual business curve.² The matter of opposite seasons enters into the picture for many manufacturers, particularly those who have goods in the so-called slack seasons. The manufacturer can use his off-season surplus to supply the foreign market.

4. The United States in particular produces far more of some products than the people of the country can consume. Export trade builds better markets, aids in production, and furnishes employment to a large number of people; it is the life-blood of the nation.

5. Foreign trade often suggests new uses of some goods.³ Different countries have different ways of life and one country may use a product for other things than the country in which the goods are produced or manufactured.

Ways of Carrying on Export Trade

There are many factors to be considered in beginning export trade with any nation. In the first place, the undertaking is or should be regarded as an integral and permanent part of the whole business. The distance to which the goods will be shipped will make beginning orders slow in coming. The initial cost of the undertaking will be large, and important large returns cannot be realized in a short period of time. In the second place, the person who enters foreign business is expected to continue his trading

²Ibid., p. 6.

³Ibid., p. 8.

activities, because he represents America to his foreign buyers. If he fails them, the buyers would look with disfavor on other American sellers.⁴

Problems associated with foreign trade are numerous, simple and difficult, but that is no reason to avoid this type of trade. It is a false assumption on the part of many people engaged in domestic trade exclusively that foreign trade is an adventure into a hard and dangerous business. The problems of export trade, it is true, are numerous, but domestic trade has its problems also. An expert in foreign affairs, a trained staff, and large expenditures of money may facilitate foreign commerce, but they are not necessary. An exportable product, initiative, patience, and a pioneering spirit are the necessary essentials. However, foreign trade does involve a few techniques different from domestic trade, and a knowledge of these is both helpful and needed.

There are a number of factors to be considered in determining whether or not a product is exportable. The nature of the product, its shipping qualities, the foreign market potential, and transportation costs all enter into the picture. For example, the government at Washington has requested certain foods to be sent to Europe to relieve starvation and need of the war-ravaged countries. One of

⁴Ibid.

the foods most used and badly needed at the present is Irish potatoes.⁵ The United States the past year produced a bumper crop of these potatoes, and there has been a surplus of them. The government has had a great quantity of potatoes destroyed because there was no market for them. Why were these potatoes not included in the "Friendship Train" recently sent to Europe, and why have they not been sent overseas to relieve potato shortages there? Many reasons have been advanced. In the first place, potatoes deteriorate easily. They cannot be shipped by boat economically because too many of them rot. They freeze easily, and they can not be sent from one climate to another like wheat. Potatoes are bulky, too, and contain a high percentage of water. They occupy much space that can be utilized more efficiently with other goods. Foreign consultants on the food question have requested that grains, oils, and fats constitute the bulk of the shipments.⁶ It is more economical for the government to pay a support price on the potatoes to uphold the price level and destroy the potatoes than to try to ship them overseas to the starving people there. Producers of citrus fruits have met the same problem that the potato growers have faced.

Once a business man determines that he has a product

⁵Drew Pearson, "The Merry Go Round," Dallas Morning News, December 1, 1947, Sec. II, p. 2.

⁶Ibid.

that is exportable, there are five sales plans open to him through which he may carry on his export trade. They are as follows: direct mail, the export commission house, the manufacturer's agent, resident distributors abroad, and traveling agents of the government.⁷

Direct mail is the most economical way of carrying on export trade. A number of problems arise in connection with selling by mail, however. Customers must be located, their credit records investigated, and something learned of the firm's reputation. The most common way of learning of new customers is through the publications of trade associations. Firms that belong to such associations are usually well-established and reliable. The credit record and something about the firm's reputation are available through the Commercial Intelligence Division of the United States Bureau of Foreign and Domestic Commerce. Private agencies supply at little or no cost such information as is necessary to the prospective exporter.⁸

The nature of the contacting letter will depend upon whether the customer is a consumer or a distributor, and whether the commodity sells for large sums or not. The question of the language used, English or otherwise, will also have to be considered. The sales letter to a foreign

⁷C. E. Griffin, Principles of Foreign Trade, p. 140.

⁸Ibid., p. 156.

buyer will necessarily have to be on the same order as one used in domestic commerce -- it must "sell" the product.

The export commission house serves as a sales agent for many firms in many countries. It gives orders and receives bids for its members. The shipping instructions are given exporters by the house, and they also receive their pay through the house. The house bills the customers, receives payment, deducts its commission, and then sends the money to the exporter. Technically, such transactions are not foreign trade, because no direct sales are made. However, there are advantages in the arrangement. The trader can gain some experience without bothering with many of the details, and association with the commission house may lead to a further expansion of trade and greater opportunities.

Nearly three fourths of 105 manufacturing firms surveyed by the National Industrial Board sell abroad through their own agents.⁹ The remainder of these firms use the export commission houses. The manufacturers of highly technical lines say that domestic export houses do not command engineering knowledge for selling and servicing their products. Those who deal direct through their agents believe that closer touch with foreign importers enables them to coordinate operations in this country with changing conditions abroad more satisfactorily.¹⁰

⁹New York Times, July 28, 1947, p. 17.

¹⁰Ibid.

The manufacturer's agent usually represents a half-dozen non-competing lines in a restricted foreign territory. He operates on a commission basis. A big disadvantage of this type of business lies in the fact that there is a tendency on the part of any such salesman to sell the product which will bring him the most money. On the whole, such an arrangement is not strongly recommended by good business practices.¹¹

The export manager is similar to the manufacturer's agent but he does not travel. He performs all paper work and leaves preparation for shipment and assumption of the credit risk to the manufacturer. His compensation usually consists of a flat fee plus a commission. Such an arrangement is regarded as one of the best ways to "feel one's way" into foreign trade.

Precautions Needed in Foreign Trade

There are some special precautions that should be taken in regard to new business in export trade. At times there is a difference in the product manufactured for home and foreign markets. For example, some countries have laws requiring drivers of automobiles to keep to the left instead of the right. This calls for a car with a left-hand drive. In some countries color plays an important part in the sale of goods. There are some places where shipments are made by

¹¹Van Cleeef, op. cit., p. 24.

pack or by small plane. This necessitates the crating of goods in part and not as a whole unit.¹²

With some articles the packing and packaging of them for foreign shipment is different from that for domestic trade. There is very likely to be a need for extra protection against moisture, heat, and cold and handling. In many instances, reinforcement with steel bands is advisable. Shipping dehydrated sweet potatoes to the armies on foreign soil during the recent war is an illustration of some of the difficulties encountered. It was necessary to send the product in sealed containers to protect it against moisture and change of temperature. Shortage of tin made it impossible to get this type of container, and various types of laminated paper were used.¹³

All goods going into a foreign country must pass through the customs office. Since many countries use different systems of weights, it is necessary to follow the measurements used in the country to which the article is shipped. The weights should be clearly marked on the outside of the boxes or containers so that there will be no unnecessary delay at the customs office.

Correspondence concerning trade relations presents a number of problems, and plays a greater role in foreign than

¹²Ibid., p. 30.

¹³Interview with packer in the Gilbert C. Wilson Laboratories, Inc.

in domestic business. The distances involved, differences in characteristics of people, customs, language, and philosophies all play a part in the correspondence. The question of language is very important because Americans are known as non-linguists. American business firms are often asked to answer in English because of their deficiency in language. The risk of misinterpretation is great. The wording of the letters to foreign firms or customers cannot always be as blunt and unconventional as sometimes used in domestic letters. A great deal of stress is placed on courtesy in some countries, especially those of the Latin Americas.¹⁴

In advertising goods for export trade, the same principles apply as those accepted for domestic commerce. This problem is usually handled by an advertising agency which handles all details.¹⁵

Distinctive trademarks are good advertising, but they should always be registered in the country with which trade is carried on. The Bureau of Foreign and Domestic Commerce can supply information relative to the laws abroad which may affect American commerce.

The organization set up for handling domestic trade, it is indicated, forms an effective nucleus to take care of the beginnings of foreign trade. As volume increases and

¹⁴Griffin, op. cit., p. 145.

¹⁵New York Times, February 2, 1945, p. 12.

complications arise, a separate export department to handle all details may be set up.

Information Aids to the Would-be Exporter

There is a wealth of information available to the beginning exporter on foreign commerce and all of its aspects. The information is dependable and forthcoming promptly.

The Bureau of Foreign and Domestic Commerce has numerous subdivisions. All of these are staffed with experts who answer all questions without any charge from all who care to submit them. There is no aspect of exporting and importing that falls outside these departments' realm of activity. The Bureau compiles information from all parts of the world. It has field offices in the larger cities and cooperative offices in many secondary centers. Occasionally an exporter thinks he can do better by writing direct to some government agency abroad. This is a mistake. The data in Washington are classified and systematically filed, covering commodities, laws, credits, finance, and all conceivable aspects of international trade. Through the Exporter's Index the exporters are brought in contact with trade possibilities by exhibits of foreign buyers. Another excellent source of service comes through the "World Trade Directory Report," which is compiled by the Commercial Intelligence Unit of the Bureau. It is compiled from data supplied by the American Consular Service of the State

Department. It presents in brief a picture of the business organization of a prospective buyer of American goods and indicates reliable and available sources of information. There are detailed reports covering about sixty-five per cent of the more than one million names listed.¹⁶

Two governmental agencies which will assist the beginning exporter are the State Department and the United States Tariff Commission. The former is concerned with the economic relations as they affect foreign relations. The United States Tariff Commission watches over the American tariff system and that of other nations. It will investigate complaints affecting the relations between the United States and other nations. Another agency is the Treasury Department, which directs and controls the customs service. The Federal Trade Commission is concerned with foreign trade activities which would involve unfair trade practices. The Export-Import Bank assists exporters in meeting foreign competition, arising largely from the demands by foreign buyers for exceptionally long credits. It also makes substantial loans to foreign countries with the understanding that the money largely will be spent in the United States.¹⁷

Trade associations are a help to the beginning exporter. They have periodical meetings, exchange ideas, and provide a medium for learning about different foreign firms. The

¹⁶Ibid., p. 148.

¹⁷New York Times, December 8, 1945, p. 6.

Chambers of Commerce afford help to members in some of the larger cities. The United States Chamber of Commerce has a foreign department which publishes trade figures and from time to time special bulletins on important legislation. Many banks in larger cities have foreign departments through which much assistance is received. A few banks have their own branches abroad and handle business direct.

There are credit bureaus whose business it is to secure the exact financial status of foreign clients. The better known of these bureaus are Dun and Bradstreet, Inc., the American Foreign Credit Underwriters Corporation, and the Foreign Credit Interchange Bureau.

Indispensable literature for all exporters includes the following publications of the Bureau of Foreign and Domestic Commerce: (1) Export and Import Practice, which is a practical, clear-cut, direct, simple, and well-illustrated reference work with reproductions of various standard forms and other documents commonly used in export and import transactions; (2) the modern Export Packing, which presents the latest information on packing for export shipment; (3) the Foreign Commerce Yearbook, which presents in compact form essential economic data relative to the principal nations; (4) the Foreign Commerce Weekly, which aids the exporter in keeping up to date on important changes in regulations abroad. All of these publications may be

purchased from the Superintendent of Documents in Washington for slight expense.¹⁸

Among non-government publications, the Exporter's Encyclopedia is a reliable and valuable book for beginning exporters and experienced ones as well. Every exporter is interested in knowing who buys for foreign consumption, and a weekly journal, Buyers for Export, has this information as well as current thought on foreign trade. The American Exporter primarily is a medium for circulating advertisements of manufacturers who make products for export.

The foregoing discussion of the necessity for foreign trade and some of the problems which the beginner and the experienced exporters meet has been made from a general standpoint. Individual problems will differ with the various countries and knowledge of the needs of each can be gained only through individual study of trade relations with each nation. For this reason, information has been sought on some of the problems confronting the American exporter to Mexico. To get this information, personal interviews were secured with various agencies in Dallas, Texas, which carry on trade relations with Mexico and through literature on the subject of trade relations between Mexico and the United States.

¹⁸van Cleef, op. cit., pp. 41-43.

Problems of an Exporter Trading with Mexico

Before any discussion can be undertaken concerning trade relations with Mexico, some information should be presented concerning Mexican laws and attitudes toward foreign trade. These stem from colonial practices and from those of the Diaz regime.

The Spaniards, original conquerors of Mexico, came not to build new homes but to exploit its famed mineral wealth. Fabulous stories had reached Spain concerning precious stones and gold which were to be had without much effort or expenditure. When the explorers found that their dreams of gold and precious stones were not to be realized, they turned their attention to another great source of wealth -- cheap labor. Mexico did have some gold, but the ore had to be dug out of the ground and processed. The natives of Mexico were used for slave labor, and the wealth of the country was dug up, shipped out, and the proceeds used outside the country. Beteta paints a picture of the situation at the beginning of the nineteenth century:

Commerce was limited to the interchange of Spanish manufactured products for raw materials; production was strictly limited to goods which did not compete with Spain; wealth was accumulated in the hands of a few Spaniards.¹⁹

Not one penny of this money was spent in any effort to improve the living conditions of the people of the country,

¹⁹Ramon Beteta, "Mexico's Foreign Relations," Annals of the American Academy of Political and Social Science, March, 1940, p. 170.

or to help them in any way. The Mexicans were regarded as an inferior race and did not have any rights of citizenship. Their status was that of peons; they did not own the land and they were paid little for their services as laborers.

After independence finally was achieved from Spain, Mexico "exchanged its former unjust but stable colonial economic dependence for an unstable and rapacious exploitation by foreign adventurous capital."²⁰ Under the leadership of Porfirio Diaz, who was ruler of the country for more than thirty years, foreign capital was invited to invest in Mexico. This capital was directed principally to the exploitation of natural resources which were produced, not to satisfy the needs of the Mexican population, but to satisfy the needs of European or American manufacturing industries.

With the pretext that Mexican capital was wanting, but really in consideration of big profits and substantial royalties, foreign capital was granted concessions in railways, ports, mines, oil, and land, during the long presidency of Porfirio Diaz. Even small industries and commerce were absorbed by that capital, as it alone was favored by exemption from taxes and other privileges. The great majority of Mexicans could only hope, in their own country, to earn a salary or a wage. . . . In reality the Mexican was an outcast in his own country.²¹

The results of this policy of exploitation have been a feeling of resentment on the part of the Mexicans toward foreign capital and foreign trade. The people of Mexico

²⁰Ibid., p. 171.

²¹Ibid.

revolted against the Diaz regime and all that it stood for in 1910, and have discouraged further exploitation. The government has gone so far as to enact protective legislation which forbids foreigners to acquire land or waters on a strip one hundred kilometers wide along the frontiers and fifty kilometers wide along the coasts. This is a mere re-statement of old regulations existing in Mexico since the early days of the Colony. But the so-called Aliens Land Law goes farther; it orders that no foreigner should acquire or control land for agricultural, mining or oil purposes, unless he agrees not to ask his home government's protection in matters pertaining to this property. Under no circumstance can a foreigner own fifty per cent or more of the stock of companies for the exploitation of Mexican farming lands.²² This provision extends to trade operations of all kinds and Mexican labor laws provide that only Mexicans can engage in direct foreign sales transactions. The foreign trade representative of any firm to Mexico, then, must be a Mexican.

One of the first problems that the exporter to Mexico meets with, therefore, is the selection of a personal selling agent who will be the representative of this firm in Mexico. Firms usually advertise for applicants to be trained in the United States for the job of salesman in

²²Moises Saenz and Herbert I. Priestly, Some Mexican Problems, p. 27.

Mexico. The applicant is brought to the United States and trained for special problems such as relationship between employer and employee, sales tactics, reports and records for the firm, and more than likely, much tutoring in the Mexican laws under which he will be operating. The man will be chosen for his ability, his personality, and the possibilities that he possesses for future use in the expansion plans of the company. The manner in which an applicant is chosen, the work that he does and that his company expects him to do, and many phases of the exporting business are given in the following interview with the manager of a large exporting firm in Texas, who requested that neither his own name nor that of his firm be used in this paper. The manager is quoted because his own words paint the picture more clearly than it could otherwise be presented;

Our firm is a well-established business of the United States and deals with export trade in Mexico. The war has shown us that we must expand still farther and we are giving particular attention to this country. We screen our trade representatives very carefully for these reasons.

The applications for the job will be numerous and selecting the right ones for training will be difficult. After selecting them we may have to let some go and attempt to find replacements. After their training is complete, we shall put them to work in the export division of one of our offices. Preferably his work will be in an office which handles the bulk of our Mexican export trade.

In this office the man will get a working knowledge of the structure of our setup in the home office. This is the office he will be doing business with after he is settled in Mexico. This is perhaps his most valuable training. The length of time he will spend in this office will depend upon how soon we

need him in Mexico. His aptitudes and progress as shown by his work in the office will also be a determining factor.

The firm will make a direct agreement with him by which the business will be transacted. He in turn will hire his own subagents and specialty agents. The number of these agents will be determined by the size of the territory assigned and the demand of the people for the goods he is selling. The subagents and specialty agents are employees of our agent. They are responsible to him and not to us, nor are we in any way responsible for their acts. Our agent will be located in some centrally located city around which will be his exclusive territory. By our contract with the salesman he is established as a commission broker under Mexican law. The contract is so worded that we are not at any time subject to Mexican law or its penalties. The agent is furnished all the selling material plus any samples he may want.

It may be that we shall want our agent to fill a double capacity. We may want him as contact man for us in securing raw materials for our manufacturing plants. We may use him to secure finished products of Mexican origin which we can profitably sell in the United States. If so, our relations with him will take on a new angle. Blood being thicker than water, it is quite likely that he will try to make secret profits on what he sells to us from his native countrymen. His desire to make a profit is not a discredit to him, but when he becomes a purchasing agent for us and uses his position in the company to profit to the disadvantage of the country -- well, that is going too far. This type of association has never proved to be very successful, and we never use it unless under very special circumstances and with a reliable and trusted employee.

With the establishment of our agency in Mexico, we can expect business to grow considerably. In the past our business has been handled by persons whose business was to look after trade interests for various firms. A representative who gives all of his time to our business will be expected to expand sales.

The salesman will travel over the territory as contact man for the firm and for his own benefit in relations with his agents. While he may do no more than serve as contact man for the firm, he is a valuable man in goodwill.

After the salesman is established, many of the orders will come from the customers themselves or the subagents. More than likely the letters will

be in Spanish. This requires Spanish translators in our foreign department. These special assistants are not the expense they would seem to be at first thought. Any city of any size in the United States has a colony of Spanish-speaking citizens, who are capable of doing stenographic work in addition to their job of translation. Oftentimes the customers will request the answering letters to be in English as there is less danger of misunderstanding.

The order will go through the regular channels of our built-in department for handling foreign orders. It will not be possible to consign the goods directly to the ultimate consignee. It will be necessary to consign them to one who is called a customs broker, a commission agent at the port of entry into the country of Mexico. He is not our choice but the choice of our customer. In the initial order the customer indicates to whom he wishes the goods consigned.

The necessity of sending the goods through this broker is one reason for the high cost of American goods in Mexico. The services of these brokers are rather high. It would be well if they could be eliminated from the export business. The broker receives the goods from us, warehouses them, and waits for the necessary correspondence from the party who wishes to buy. When the papers for the release of the goods are received by the broker, he consigns the goods to the customer. The broker sees them safely through the customs and pays any duty that may be assessed. Going along with the goods to the customs broker will be an export declaration, which is required by customs laws, and a copy of the invoice of goods. The required export declaration lists the goods in the shipment. Also on the export declaration is a Department of Commerce commodity number assigned to each different class of goods listed. This is necessary in order for the American customs officials to check and see if any of the goods are still on the controlled exports list. This was more important during the war than it is now, yet there are some very important materials still on the list.

The two most frequent methods of payment should be understood thoroughly. One method requires the sending of a copy of the invoice along with an acceptance draft for the amount of the shipments to a bank designated by the customer. Upon receipt of these documents, the bank presents the draft for payment. The customer accepts the draft in writing

by which he promises to pay in ninety days. He sends his copy of the invoice to the customs broker. The bank notifies the firm of the acceptance of the draft. The firm in turn sends ten copies of the invoice to the customs broker. This makes eleven copies which is the required number the customs broker must present to customs officials in order to get the goods released for shipment across the border. The bank retains the accepted draft which it presents at the end of ninety days for payment. The customer pays the bank and it sends the money to the firm. It is impossible to collect a bill by suit.

The method used most frequently is the sight draft method. In this case the firm sends ten copies of the invoice attached to a sight draft to the customer's bank. Upon payment of the draft the banker gives the ten copies of the invoice to the customer, who sends them to the broker. This is the preferable method because the customer cannot get the goods until they are paid for. The broker then consigns the goods to the customer, and the deal is completed. From the border the goods will go by truck or rail, probably the latter.

Some firms use the parcel post system, but it is not recommended. If a package is lost, the Mexican authorities refuse to investigate or make remuneration until after the lapse of a six months' period. If sent by this method, the Mexican post office officials act as customs agents. When goods are shipped by air freight, customs are cleared at the airport of destination. This new method of shipment is gaining in popularity and importance as the export trade grows.

When Mexico changes its customs regulations, the notice of such a change comes out in the official government paper. The appearance in this paper makes it law. If anyone fails to see it and runs afoul of the law, it is his loss.

An example of the import laws is found in those relating to the duties on a fountain pen. Ninety per cent of the customs duties are assessed by weight. Any plastic material is assessed eight pesos (\$1.60) for each 2 1/2 pounds. Take a fountain pen, for example, with a plastic barrel and a gold point or a heavily plated gold point. Gold articles are assessed sixty pesos (\$12.00) for each 3 1/2 pounds. The customs law says that if one article contains two or more materials, such as the above example, the duty will be figured on the highest rate. The

duty on ready-made apparel is thirty-five cents on the dollar. Imported goods, under this system, command a premium price.²³

The foregoing discussion was from a man experienced in all phases of Mexican trade. It is apparent from the many details that he has given, that export trade with Mexico embraces a number of problems that are not met with in domestic commerce. Another interview with the manager of a firm carrying on trade with Mexico added to the details given in the above discussion. Requesting likewise that his name and the name of his firm be withheld, this export manager had this to say about the Mexican jobber:

The Mexican jobber is one of the most important figures to be dealt with in the business of commerce. The capital of foreign commercial dealings is Mexico City. Mexico is a nation whose system of distribution is extremely poor. The jobber is the man upon whom falls the profitable enterprise of distribution. Possibly nowhere in the world is there such a doubling up of the job of handling goods before they reach the final consumer. While the days of the jobber are fading fast in the United States, his importance in Mexican business is just now being felt as a factor to be reckoned with. His importance will grow as the industrial development progresses.

The jobber who has been in business for a number of years is the man we try to contact. He will be well informed on all the latest government directives concerning the newest programs of construction. He will be in contact with provincial merchants who would not be acquainted with us or our firm. We have found that working through a jobber is the best way to get on the inside of the marketing system of the provinces. Merchants from the provinces come to Mexico City to get their goods which cannot be supplied by the local region. They

²³Interview with export manager of a firm whose name is withheld by request.

come to the same one [jobber] year after year. This is our lead into the interior which is the most lucrative field for the seller today. Within recent years a large number of tourists have visited Mexico and have gone into all portions of it. Many of the goods asked for in Mexico City from the deep interior of the country are those which the Mexicans have seen the tourists wearing or driving.

If the business becomes profitable enough it will pay us to establish a corporation. The best advisers, and perhaps directors, we could have will be drawn from the people we have done business with for the past decade or longer. The law in Mexico requires that the control of the corporation be in the hands of Mexican nationals. This demands that at least fifty-one per cent of the stock in any corporation be held by Mexican investors. The mixed corporation, wherein is combined American and Mexican capital, is the most desirable form of investment in the expanding industrial growth of the country. There are two reasons for this; one is that both government and industry welcome such an arrangement. Another is that this method tends to bring in technicians who are in great demand.²⁴

The most decisive conclusion that can be drawn from the foregoing discussion on ways and means of getting established in trade with Mexico is that there are a great many details and much red tape. However, the obstacles are not too great and any firm with a well-organized and well-established system of domestic trade will find that this system is an effective nucleus on which to build foreign trade. Many of the precautions set up by the Mexican government are due to the system of exploitation to which the Mexican nationals have been subjected in past times. The Mexican still has a fundamental distrust of "Yankee

²⁴ Interview with manager of an export firm whose name is withheld by request.

traders." As trade increases between the United States and Mexico, this feeling will subside if the practices of good business are applied to the activities, and if the Mexican national is treated as an equal and not as an inferior to be taken advantage of.

CHAPTER IV

ASPECTS OF THE MEXICAN MARKET AND THEIR IMPLICATIONS FOR EXPORT TRADE

In order to understand the present trade situation between Mexico and the United States and its possibilities for future development, it is necessary to study some aspects of Mexican life and their implications for export and import trade. The physical geography of the country, the nature of the products raised or produced, the living standard of the people, the needs of the people, the extent of education, the attitude of the government, labor legislation, tariff legislation, and the financial strength of the country all influence in one way or another its import and export trade. The purpose of this chapter is to make a study of these different aspects and their influence on yesterday's, today's, and tomorrow's trade.

Geographical Factors

Mexico adjoins the United States on its southern border and lies between 14' and 32' 40" N. latitude.¹ It has an area of 750,000 square miles, which is approximately three times the size of the state of Texas. It is a long

¹Seeman, op. cit., p. 23.

narrow strip of land, no part of which is more than four hundred miles from the sea. As far as the country's latitude is concerned, it should be a tropical and sub-tropical climate, and the vegetation could be expected to be lush and of great productivity. In reality, only fourteen per cent of the country is even potentially arable, and this is divided into areas, tropical and sub-tropical.² The tropical regions are the fertile slopes and coasts of the country and should produce a large surplus of products for exports, but the high temperature and humidity, the poor living conditions, and the tropical diseases hold down production.

The non-tropical area consists largely of a central plateau, in which is located the City of Mexico and on which a large part of the population live. Here tropical diseases are unknown, the climate is agreeable and much more healthful, and labor is plentiful and efficient.³ The productivity of this region, however, is limited by insufficient rainfall and inadequate water supply for irrigation. All the important sources of irrigation are located in the tropics, where there is abundant rainfall. Kibbe states:

The result is that, prior to agricultural advances of the past few years, the Mexican people lived mainly upon products which they could obtain only from the seven and one-half million acres of irrigated land and twenty-eight and one-half

²Ibid.

³Kibbe, op. cit., p. 41.

million acres of dry-farming land. In other words, for numerous and varied good reasons, less than eight per cent of the total area of Mexico was under cultivation, to clothe and feed its twenty-two million people.⁴

Mexico, as is apparent from the statistics given by Kibbe, could not have produced any large supply of agricultural exports for the reason that the supply was not adequate for the population of the country. Geographical factors, then, have prevented large agricultural exports.

Mexico originally was regarded as a fabled land of mineral wealth. The lure of gold nuggets and precious gems was the thing that caused the early exploration of the country by the Spaniards. Great mineral wealth has been found in the country, but silver instead of gold has been the predominant metal. The explorers who sought gold were disappointed, in not finding it scattered over the surface of the earth, but they found it in the ground and a large supply of cheap labor with which to mine it. As a consequence, Mexico's export trade has largely consisted of minerals, and it is one of the world's largest sources of silver. However, the country lacks some key resources necessary for the development and industrialization of the country. Mexico has no great coal reserves, and only 450,000 of its claimed 6,000,000 horsepower in waterfalls has been developed.⁵ Petroleum and its products have become one of

⁴Ibid., p. 42.

⁵Chester Lloyd Jones, "Production of Wealth in Mexico," The Annals, March, 1940, p. 56.

the leading sources of new wealth since 1900. In contrast to the metals, most of which are shipped out, a large part of the petroleum produced is used within the Republic. Still, the oil and by-products exported have reached almost twenty per cent of the total exports, making mineral products represent over seventy per cent of Mexico's exports.⁶

Within recent years a strong effort has been made by the government of Mexico to expand and diversify agricultural products. Attempts have been made to place a large part of the land in the hands of peons who have heretofore worked on large haciendas for absentee landlords. Statistics reported by the United States Department of Commerce, however, show that no important increases were made in the growth of foodstuffs over a period of twenty-five years, 1910 to 1936. The amount of corn raised in this period actually decreased from 81,069,000 bushels in 1910 to 65,196,000 in 1936. Rice increased in yield slightly, but the yield of beans in 1936 was 3,914,000 bushels compared with 6,469,000 bushels in 1910.⁷ Commercial crops, coffee, sugar, and chickpeas, all made substantial increases, but Mexico must be considered as a "buying" nation instead of an exporting one as far as foodstuffs are concerned for some time to come. Geographical factors, then, play an

⁶Ibid.

⁷United States Department of Commerce, Foreign Commerce Yearbook, II (1938), 28.

important part in the Mexican market and our potentialities for selling there.

Population Factors

The type of people in Mexico and their occupations materially influence what the country buys as well as sells. Due to the poor systems of transportation and communication, no accurate census has or could be taken but the most common estimates place the population at more than twenty million. The people, according to Bach, may be loosely divided into three main classifications, Spanish, Mestizo, and Indian.⁸ Conservative estimates divide these three groups into twelve to fifteen million Mestizos, one million Spanish, and six to seven million Indians. The Mestizos are a mixture of Indian and Spanish blood. The majority of the wealth in the country has been concentrated in the hands of the Spanish people and the Indians have from the earliest days been peons who have owned no land and lived in the simplest ways. The Mestizo element has been the great middle class that have gradually taken over control of the country, but the rank and file of the people of Mexico have been the poor and illiterate. In 1910 ninety-five per cent of the Mexican population who tilled the soil did not own any of it. In 1930 there were almost five million acres of

⁸Frederico Bach, "The Distribution of Wealth in Mexico," The Annals, March, 1940, p. 73.

land in cultivation, and over eighty per cent of this was in large estates. More than thirty-five per cent of these estates had an area of more than 25,000 acres.⁹

The growth in population illustrates the slowness with which the country has developed. The population of Mexico in 1824 was estimated to be 6,500,000; in 1936 it was 18,852,086. In the United States the population in 1820 was 9,600,000, only three million greater than that of Mexico. In 1937 the population of the continental United States was 130,000,000. The population has increased in the ratio of thirteen to one in the United States and only three to one in Mexico.¹⁰

Stuart Chase, who made an extensive study of the Mexican people, calls them the "machineless men."¹¹ This is because their hands have been their tools for labor to a large extent. The country has become famous for its handicraft work. Phillips says:

Although the handicraft industries do not rank first in value of output, they are certainly among the most interesting of Mexican enterprises. Here in a land which has the antiquity of Egypt the traveler is intrigued with the myriad of products of manual skill which are offered for sale in the markets of Mexico City -- the brilliant sarapes and blankets, the exquisite lace and embroidery, the hand-tooled leather, tiny dolls which have been woven with fine thread about an ordinary pin, the

⁹Ibid., p. 74.

¹⁰Manuel Gamio, "Geographic and Social Handicaps," The Annals, March, 1940, p. 7.

¹¹Stuart Chase, Mexico, p. 144.

elaborate wood carving, the hand-beaten silver, and pottery which was moulded on a primitive potter's wheel.¹²

Chase also draws a picture of a typical Mexican town in which is shown the prevailing pattern of life in rural Mexico. The typical town, Tepoztalan, is located six thousand feet above sea level in a mountain valley. The valley embraces a few square miles of arable land. The town is overwhelmingly Indian. Everyone speaks the Nahuatl (Aztec) tongue as well as a varying amount and quality of Spanish. There are fewer than fifty people who show their white blood. Tepoztalan existed before the coming of Cortez. Its outside influence, little as it is, has been derived from the visits of some of the natives to Mexico City who returned with new ideas. The town is primarily for living, playing, and trading. The natives go outside the town to the forests and fields to work.¹³ They own their small homes, mainly through inheritance, but the arable land is held communally.

Like Russian villages, there are rows of huts, one enormous colorful church, and the market where the produce is spread in the dust. Life is a fusion of the Aztec and the Castilian. The town has no revenue. The only time any collecting is done is when the state tax collector comes

¹²M. Ogden Phillips, "Manufacturing in the Federal District, Mexico," Geography of Middle America, p. 81.

¹³Ibid., p. 126.

with a gun on his hip, staying long enough to defraud the people.¹⁴

Time is measured by sun and climate, not by clock. Mexicans have no sense of time. It proves to be too much of a tyrant with them.¹⁵

A thousand miles from this typical Indian village we find almost the same conditions existing in Yucatan in the midst of the hennequen fibre plantations. In times of depression when the workers have nothing to do, they simply stay at home and wait for the production of hennequen to begin. The main difference is in the type of work done on the land owned communally; customs and mores are much the same all over Mexico among the common people.

These villages are self-sustaining with a menu that includes corn, beans, squash, eggs, chickens, turkeys, wild game, and chocolate. No one is ever very hungry. Famines are unknown.¹⁶

Contributions from the machine age to the Mexican family's possessions include sewing machines and square tins. The latter once contained oil or alcohol and is now used for water or flower pots or braziers. The Indians have never been educated in the philosophy of acquisition. The rise of their neighbors to better homes, clothes,

¹⁴Ibid., p. 128.

¹⁵Ibid., p. 129.

¹⁶Ibid., p. 128.

furnishings, and such leaves them uninterested. Their "wantlessness" is the despair of every traveling salesman.

As to clothing, both the Spaniard and the machine have made wide inroads. A half century ago the majority of the women wore a homespun skirt and a homespun cloth for a head covering. This costume is rarely seen today. About the only Aztec article which remains is the sandal. Many articles are a fusion of the Aztec and Spanish elements. The serape is a bright-colored blanket worn by plateau men. It serves as an overcoat during the day and as a covering at night. The reboso is the shawl which Indian women wear over their heads. They also use it to carry babies. The men wear shirts, blouses, and trousers which are made by the women from bolts of white cotton cloth.¹⁷ This is where the sewing machine is needed.

Mexico has the highest death rate of any nation. Child mortality is very high. Early in the twentieth century the general mortality rate in Mexico was 33.61 per thousand. In 1910, the year in which Mexico started her reform program and social change, the mortality rate was 33.25 per thousand.¹⁸ The rate declined to 26.83 in 1929 and to 22.05 in 1934. In 1938 it was 22.40, still more than twice that of the United States.¹⁹

¹⁷Ibid.

¹⁸M. E. Bustamante, "Public Health and Medical Care," The Annals, March, 1940, p. 154.

¹⁹Sylvia and Nathaniel Weyl, The Reconquest of Mexico, p. 319.

A difference in mortality rates between areas with public health services and those with none illustrates the effect of modern sanitary methods. Vera Cruz, a tropical state, in which public health services have been operating to keep down yellow fever, had a mortality rate of 17.21 in 1938; Aguaslientes, a central state, with little or no health services, had a rate of 25.82 in 1938.²⁰ Kibbe says:

In 1936, peasant Mexico had only one doctor for every 6,869 inhabitants. A report of the Rockefeller Foundation in Mexico for that year revealed that of the 4,520 doctors in Mexico, 2,000 or almost one-half were concentrated in the capital. Of the remainder, all but 610 were located in seventy large towns. This meant that 84,000 towns and villages had no medical attendance whatsoever.²¹

The chief enemy of the public health in Mexico is diarrhea, which accounts for nine times the number of deaths attributed to tuberculosis.²² Diarrhea is mainly caused by impure water supplies due to poor sanitation, faulty diet, and overcrowded dwellings. Living conditions such as these do not contribute to constructive labor, and it is small wonder that the Mexican has been regarded as somewhat lacking in energy.

The work of this machineless man in the rural areas has a wide range, yet it is all manual labor. The first of the year finds the rural laborers at work in the late harvest and picking and drying coffee beans. In February some of the

²⁰Kibbe, op. cit., p. 56.

²¹Ibid.

²²Ibid.

villagers go off to work in the sugar haciendas, returning home twice a week for food. In March and April when there is no rain, the time is given to repairing the homestead and engaging in the communal work of the town. In May the rains begin and corn is planted. Wooden plows and oxen are used for plowing the fields throughout the summer. The rains slacken in October, and cease in December. The harvest then begins and all the workers rush to the fields for gathering the crop of corn. This is the cycle of work for the average village. Agriculture, community repair, and maintenance of household equipment, are the chief tasks of the majority of the Mexican villages. There are no wages to produce purchasing power, so there are no sales, no profits, and consequently no accumulation of capital. It is an endless cycle.

In contrast to this way of life, the Federal District, in which is located Mexico City, is metropolitan in many respects. However, it is sustained mostly by trade and not by manufacturing. Cushing says:

As an almost purely agricultural country, Mexico lacks the numerous large cities that are characteristic of countries where manufacturing is important. The population is one-sixth that of the United States, but the ratio of cities is much less. For cities over 10,000, a ratio of one to nine exists between the United States and Mexico. The United States has 50 cities exceeding 100,000 inhabitants (8 of these over 500,000) while Mexico has only two, the capital (471,000) and Guadalajara.

The important cities of Mexico are sustained chiefly by trade and not by manufacturing. Their most striking characteristic is that they are market places where the surrounding agricultural population buys and sells.²³

Education, it is apparent, has had little chance in an economy such as the Mexicans have practiced. Since the time of the coming of the first nuns and priests to convert the New World, the education of the native and of the Spaniard has been in the hands of the Holy Roman Catholic Church. The first school was established by Pedro de Gante in 1523 and it has been called a "true school of action." The curriculum was not modeled on the academic ones of Europe's schools, but it was based on current life in Mexico. It was planned as a special kind in which the social and economic affairs would blend in a sort of agrarian and patriarchal communalism. Identifying the land with education has been the outstanding contribution of Mexican education, but it has not been very successful in combatting illiteracy. As late as February, 1946, it was estimated that there were 3,000,000 Indians who did not speak Spanish.²⁴

The control of the schools by the church was broken in the middle of the nineteenth century. The Constitution of 1857 provided government support of education and stated that the schools must be compulsory, free, and liberal. Such

²³Sumner W. Cushing, "The Distribution of Population in Mexico," Geography of Middle America, p. 32.

²⁴Kibbe, op. cit., p. 130.

a move was fought by the church, but was supported by the masses. The law was not enforced to any extent, and by the end of the Diaz regime in 1910 it was almost obsolete.

To make the break between church and state more effective, the constitution of 1917 declared that all education, public or private, should be strictly non-religious. This made it compulsory for the private school to adopt the same curriculum as the one adopted by the public school. In 1934 the 1917 constitution of Mexico was amended to say that the education of the primary and secondary schools must be socialist, all religious doctrines were to be excluded, and fanaticism and prejudice were to be combatted.²⁵ The government held that education of the masses was a social function. Since social life is regulated by the state, education becomes a state function. Opposition to this program has been made by the church; the cause of education has progressed, however. By 1924 more than one thousand federal rural schools, attended by 65,000 pupils, had been erected. By 1938, fourteen years later, the rural schools numbered 21,158 and in that year Mexico had 50,000 teachers, and a total school attendance, including workers and peasants in night classes, of 2,124,000.²⁶

The figures indicate, however, that the masses of the

²⁵Ibid., p. 56.

²⁶ Adolf G. Dominguez, "The New Education in Mexico," Mexico and the United States, p. 114.

people in Mexico have very little education. They, to a large extent, have been content in their self-sustaining way of life, and have had little desire or need for many of the modern conveniences of life. Such concepts, it is evident, play a large part in considering potential trade possibilities with the Mexicans.

In summarizing the population and social factors that enter into consideration of export trade with Mexico, it may be said that Mexican economic life is built on self-support. About ninety-five per cent of the total population is rural. The exchange system is both barter and silver pesos, the former predominating. Their money, little as it is, comes from two sources: sale of their surplus products outside the economic region and the sale of their surplus labor to the haciendas and mines. Mexican agriculture is largely that of the hand and the hoe. The disease rate is high, and public health service is limited. The majority of the people are illiterate. All of these are factors which have and will continue to influence the export trade of the United States with Mexico.

Communication and Transportation

The physical topography of Mexico has not been kind to any great progress in transportation. The rivers are torrential and are not useful for navigation. The country is long and narrow and has two large mountain ranges traversing

almost the entire length of it. Although a wide flat plateau tops the mountain ranges in the northern part, communication from one side of the country to the other has not been easy. The railroads have been built on the flat, plateau elevation, and the roads toward the coasts have been faulty, few, and costly both in their construction and upkeep.²⁷ A concentrated program of highway building has been under way within recent years, but it cannot be said that Mexico's needs for roads are satisfied, even partially. The territory is so vast, there are regions so sparsely settled and natural obstacles so great, that several years will be required to complete the most essential part of the system of roads in Mexico. It is still not possible to travel over the country from one border to the other by automobile, nor is there any communication by road from the center of the country to the states of Sinaloa, Sonora, a great part of Oaxaca, Chiapas, Tabasco, Campeche, or Yucatan.²⁸ Much of Mexico is still primitive as far as communication is concerned.

Aviation, however, may overcome many communication problems, especially as far as trade is concerned. The most inaccessible regions by highways do have level land where airports may be built. The great cargo planes now being constructed and operated are making possible a market for

²⁷Javier Sanchez Mejoreda, "Communications and Transportation," The Annals, March, 1940, p. 78.

²⁸Ibid., p. 82.

both the Mexican and the American products -- planes take into Mexico the articles that they want from the United States, and products of Mexico needed in the United States come back in the return cargo. The problem is to balance the trade so that there will be loads both ways for the cargo planes. The location of Mexico, too, between the United States and the rest of the American republics makes the country an important link in the chain of trans-continental aviation routes.²⁹ Much may be expected of this phase of communication in the days to come.

Industrialization

Mexico in its early days was similar to the Indian village described by Chase as typical of rural Mexico today. The majority of the land was owned by foreigners and the Mexicans worked as peons on the great haciendas. They were paid starvation wages for their work in the mines, and no effort was made by the outside owners to improve the lot of the Mexican in any way. The only industry fostered was that of mining, and all the products of this enterprise were shipped outside the country.

Porfirio Diaz gained control of the Mexican government in 1884.³⁰ He believed that Mexico needed peace and capital for its economic development. With a strong army, he

²⁹Ibid., p. 88.

³⁰Dominguez, op. cit., p. 107.

put down rebellious elements and rid the country of revolution and bandits. He invited foreign capital to come in and develop the country, and he turned over the national resources of the nation to a small group of Mexicans and foreign capitalists. During his rule, about 54,000,000 acres of Mexican land were transferred by various methods, fair and foul, to foreigners. These foreigners, however, exploited the country much the same as the Spaniards had and with the idea that privileges were for the few and exploitation for the many.³¹

The rank and file of the Mexican people resented this exploitation by foreign capitalists, and a revolution occurred in Mexico in 1910 that corresponded in some ways to the Revolutionary War in the United States in the eighteenth century.³² A new constitution was written, containing three fundamental social articles, Nos. III, XXVII, and CXXIII.

Article III attempted to restore the communal land to the Indians on an individual ownership basis. Article XXVII provided for the control of the foreigner in Mexico. Severe limitations were placed upon his right of ownership of lands and the subsoil, and wherever he had possessions in Mexico, he was compelled to acknowledge himself a Mexican

³¹Ibid.

³²Kibbe, op. cit., p. 46.

in so far as the laws and courts of Mexico applied to him.³³ Heretofore the great foreign interests had been in the habit of appealing to their home governments for protection if and when their property rights were threatened. Article CXXIII provided for a modern labor program. The trend of the new legislation was definitely socialistic and was not at all friendly or favorable to foreign investments in the country. Mexico, it was said, was going to reclaim its land and property for Mexicans.

Article XXVII was directly responsible for the expropriation of the oil properties in Mexico by the government in 1938.³⁴ Production of crude oil for Mexico was first reported in 1901. In 1907 an annual production of 1,000,000 barrels was registered.³⁵ In 1917, when the new constitution was adopted, the annual production was more than forty million barrels. The peak was reached with a production of 193,397,587 barrels in 1921.³⁶ From this time on, production steadily decreased until the time that the wells were taken over by the government. A number of factors operated to cause the decrease in production. The world-wide depression was one. Another factor was the uncertainty of property rights. The continued production of oil is dependent upon a continuing search for new potential

³³George Ward Stocking, "The Mexican Oil Problem," Mexico and the United States, p. 46.

³⁴Ibid.

³⁵Ibid., p. 48.

³⁶Ibid., p. 49.

oil-producing regions. The difficulties which drillers encountered are described by Stocking:

In securing drilling permits producers were asked to obey a law not yet passed and the purport of which they had no knowledge; they were required to register lands as a condition of continued exploitation; their holdings were subject to denouncement in case they were not registered; they were required to forego the diplomatic protection of their home government as a condition in receiving titles, contracts, and concessions; they were subjected to tax decrees which they regarded as confiscatory.³⁷

Under these difficulties, it is not surprising that capital ceased to flow into the country for the development of potential oil fields. They apparently resulted in the withdrawal from Mexico of the independent wildcatter whose imagination and willingness to risk his money has brought in a great number of oil fields.

The expropriation of the oil industry by the Mexican government has had wide repercussions in the field of commerce. Mexico has a great sum of foreign capital invested in the country; depreciation has resulted from the expropriation of the oil properties.

Within recent years the Six-year Plan for industrializing Mexico has been developed. In January, 1945, it was announced by the government that Mexico plans a \$383,000,000 industrial development. The developments were to include irrigation and power projects, and new industrial plants for

³⁷Ibid.

the manufacture of steel and iron products, building materials, heavy chemicals, pulp and paper textiles. The manufacture of textiles to any large extent would cause a sharp drop in imports; formerly a large part of the imports into Mexico has been textiles from Britain. During the recent World War II the United States shipped more textiles to Mexico than any other nation.

Labor Legislation

Hand in hand with expropriation of the property of the oil industry has gone restrictive legislation to prohibit the exploitation of the Mexican peon. The Constitution of 1917 provides for a basic eight-hour day. It places limitations upon night work and child labor. It provides for a minimum wage.³⁸ It guarantees to employees, over and above that minimum wage, a share in the profits of industry. It provides for double pay for overtime. Comfortable and sanitary houses are required and rent control is practiced. The establishment of schools and hospitals was made mandatory. Responsibility for industrial accidents was placed upon the employer and providing for indemnity for death or disability was made compulsory. Trade unions were legalized and the use of strikes authorized. A Federal Labor Law legalizes the closed shop, provides for the check-off, and requires, upon

³⁸Ibid., p. 56.

request by the union, the discharge of workers who withdraw from the organization.

This legislation was not passed to remedy evils of industry as was much of the labor legislation of the United States. Seventy per cent of the population of Mexico is engaged in agriculture, and less than fifteen per cent is engaged in industry.³⁹ The legislation, however, was aimed at giving the peons a share in the wealth of the country which had hitherto been shipped out or spent elsewhere than in building a greater and better Mexico. Such a policy could not help but have widespread effects on the future growth of trade in all respects.

Summary

Summarized briefly, the aspects of Mexican life which most affect its export and import trade are the low standard of living of the people, high mortality rates, lack of education, expropriation measures, and labor legislation. Mexico, it appears, has been moving in two directions -- one straight ahead and the other in reverse. The country promulgates a widespread plan for better living conditions, better health, more education, and more industrialization. The next step, however, puts restrictions on the investment of capital, and figuratively gives the foreign investor the "cold shoulder."

³⁹Ibid.

CHAPTER V

OUTLOOK FOR THE FUTURE OF MEXICAN-UNITED STATES TRADE AND CONCLUSIONS GAINED FROM THE STUDY

Outlook for the Future

As previously mentioned, the question of the trade relationship between the United States and Mexico is a very important one. Each nation needs the other, but both must work together to achieve a common end. The fact that the balance of trade is unfavorable to Mexico at the present time means that critical attention should be directed toward the problem. All the factors that enter into the situation should be studied.

In the first place, the United States must take more interest in developing its foreign trade. It has been busy developing the country, and has had little time for fostering international trade. Previous to World War II, England and Germany controlled on a large scale the majority of the foreign trade of Mexico. The Germans, especially, studied the Mexican, his needs, wants, and desires as well as his philosophy in its efforts to build a large export trade to Mexico.¹ The men who were sent to solicit trade spoke the

¹Seeman, op. cit., p. 6.

Spanish language and ingratiated themselves with influential people. Americans, on the other hand, did not bother to send representatives who spoke the Mexican language or who tried to find ways and means of selling to the Mexican people. Not too much effort was expended. The Americans, too, held aloof from the Mexicans socially, and a feeling of inferiority was developed among the Mexicans.

World War II changed many things, and world commerce was decidedly affected. New synthetics, new mineral deposits, new crops in new places, new trade routes, air transportation, new factories in various parts of the world have greatly changed the pattern of the flow of goods after the war. The United States emerged from the war as one of the great powers of the world, if not the greatest. It had developed enormous productive capacities, and once the demand within the United States caught up with the backlog of wartime orders, it was going to have a large surplus of all kinds of commodities for sale. The Latin-American market, of which Mexico is an important segment, is one offering many possibilities. During the war a new feeling of unity was developed between the United States and its southern neighbors and the war effort of the United States was materially aided by their exports of critical war material and needed supplies of all kinds. American business must take a new attitude toward the Latin-American countries

if this mutual aid is to continue.

In a meeting at Mexico City in 1945 an Economic Charter of the Americas was adopted. It was stated in this Charter that the American republics declare their firm purpose to collaborate in a program for the attainment of

a constructive basis for the sound economic development of the Americas through the development of natural resources, industrialization, improvement of transportation, modernization of agriculture, development of power facilities and public works, the encouragement of investment of private capital, managerial capacity and technical skill, and the improvement of labor standards and working conditions, including collective bargaining, all leading to a rising level of living and increased consumption.²

The last line of this quotation provides the key to the entire situation of Mexican and United States trade when it stresses "a rising level of living and increased consumption." One of the basic principles to be followed in building the Mexican market is recognition that the population is made up of a relatively small percentage of people with purchasing power sufficient for a high standard of living. The great majority of the Mexican people as yet have no purchasing power to any extent. They live on a self-sufficiency basis. It is the expressed aim of the Mexican government at the present time to raise the purchasing power of the Mexican people through a program of industrialization, education, and better farming practices. The Mexican

²Quoted in Kibbe, op. cit., p. 240.

will have to have some means of making money before he is able to have any great purchasing power.

Alexander V. Dye, Director of the Bureau of Foreign Commerce, acknowledges these efforts of Mexico and other Latin-American republics to help themselves. He raised some questions, however, about their ability to do this without outside aid or on the terms recently adopted toward the investment of foreign capital and labor legislation. The expropriation of the communal lands and the oil properties, the nationalization of the railroads, and restrictions on foreigners owning property or capital stock in industries have all had their effect on the general situation. Dye recently stated that although Latin America is turning more and more to commerce and industry and is diverting some of the profits of agriculture to manufacturing, the question arises whether these countries will be able to develop within themselves the necessary supplies of capital and skill to enable them to meet their growing needs. He further stated:

It seems likely, therefore, that if the Latin American countries expect to continue their programs of industrialization and diversification, or even to maintain the present levels of productivity, they may find it desirable to utilize a considerable amount of resources derived from abroad, although possibly on somewhat different terms than in the past.³

³Quoted in Young, op. cit., p. 211.

In connection with the need for investment of foreign capital the Mexican-American Commission for Economic Co-operation estimated that Mexico will require a minimum of capital equipment from abroad valued at \$94,000,000 through 1947, and \$43,000,000 for 1948. The Commission saw that the country could not develop as a mere producer of raw materials but must have industry that would furnish employment for the Mexican accustomed to making a living providing only for the barest necessities. The logical way to raise his purchasing power is to provide him with work in which he can make money. Such work, in turn, will develop the country, process its raw materials, and gradually build the entire economic system.

Under such a concept, the logical plan for the United States to follow is to furnish Mexico with funds on the same basis as those furnished or loaned to other nations, England for example, and let the government work out the knotty social and economic questions that have arisen under Mexico's pronounced socialistic legislation. In the meantime, stress will probably be placed on increasing imports from Mexico of raw materials not available in the United States. Mexico has many tropical fruits and products which new irrigation projects will increase.

Conclusions

The main conclusion reached from this study of the export trade of the United States with Mexico is that it is a

problem of great significance for the future of both countries. The differences in the people as well as the differences in the philosophies of government make a sound appraisal of the situation difficult. However, the following definite conclusions have been worked out;

1. There are many reasons for trade relations between Mexico and the United States, but the most commonly advanced are the following: a long contiguous border, through highway and railway connections, large number of nationals in both countries, products of the two countries complementary rather than competitive, possibility of quick delivery of goods, and large investments of American capital in Mexico.

2. The principal restraint to the flow of Mexican goods into the United States is a protective tariff against some products; the principal barrier to the flow of goods into Mexico at the present time is import restrictions against the purchase of a great many articles.

3. The balance of trade in Mexico is unfavorable; more goods are being imported than exported.

4. There are five methods of carrying on foreign trade: direct mail, the export commission house, the manufacturer's agent, resident distributors abroad, and traveling agents of the government.

5. Interviews with firms carrying on export trade with

Mexico reveal that there are many problems to be found in it not found in ordinary commercial trade. The most important ones are as follows; the representative of the firm in Mexico must be a Mexican; he handles all the details of the business; he is responsible for meeting Mexican regulations; and he is the representative of the firm in all its trade activities.

6. There are many aspects of Mexican life which affect the export trade of the country with the United States. The most important are these; the masses of the Mexican people are illiterate and have little or no purchasing power; the country is poorly developed and the communications facilities are limited except in certain areas; poor living conditions cause much disease and a high mortality rate and sap the energy of the people; recent legislation has had a socialistic trend, and a policy has been developed of "developing Mexico for the Mexicans."

7. The outlook for the future of the export trade with Mexico is one of mixed perspective. The United States is desirous of aiding Mexico to raise its standard of living and of developing its economic possibilities. Mexico, on the other hand, is equally desirous of helping its people, but some of its policies are directed toward the alienation of some of the capital it so badly needs. There is much need for understanding and patience on the side of both the United States and Mexico.

BIBLIOGRAPHY

Books

- Booth, George C., Mexico's School-made Society, Stanford, California, Stanford University Press, 1941.
- Brenner, Anita, Your Mexican Holiday, New York, G. P. Putnam's Sons, 1932.
- Chase, Stuart, Mexico, New York, Macmillan Company, 1935.
- Clark, Marjorie Ruth, Organized Labor in Mexico, Chapel Hill, University of North Carolina Press, 1934.
- Griffin, C. E., Principles of Foreign Trade, New York, Macmillan Company, 1924.
- Herring, Hubert, and Weinstock, Herbert, Renescent Mexico, New York, Covici-Friede, Publishers, 1935.
- Kibbe, Pauline R., Latin-Americans in Texas, Albuquerque, University of New Mexico Press, 1946.
- Plenn, J. H., Mexico Marches, New York, Bobbs-Merrill Company, Inc., 1939.
- Prewett, Virginia, Reportage on Mexico, New York, E. P. Dutton and Company, 1941.
- Saenz, Moises, and Priestly, Herbert I., Some Mexican Problems, Chicago, University of Chicago Press, 1926.
- Simpson, Leslie Burd, Many Mexicos, New York, G. P. Putnam's Sons, 1941.
- Smith, Henry Lester, Education in Mexico, Bulletin of the School of Education, Indiana University, Indianapolis, Bureau of Cooperative Research Field Service, July, 1942.
- Van Gleeef, Eugene, Getting into World Trade, New York, Ronald Press Company, 1946.

Waugh, Evelyn, Mexico, Boston, Little, Brown and Company, 1939.

Weyl, Sylvia, and Nathaniel, The Reconquest of Mexico, New York, Oxford University Press, 1939.

Newsletters

"American Advertising in Latin America on Increase," New York Times, February 2, 1945, p. 12.

"Bank of Mexico Refuses Requests for Credit on Luxury Imports," New York Times, May 19, 1947, p. 7.

"Dollar Demand in Mexico Declines," New York Times, July 20, 1947, p. 25.

"Latin American Reaction to Restriction List," New York Times, July 14, 1946, Sec. III, p. 1.

"Mexicans Urge Government to Lift Restrictions on Imports," New York Times, December 16, 1946, p. 13.

"Mexico Eyes Gains in '48," Dallas Morning News, January 6, 1948, p. 2.

"Mexico Lifts Fifty More Items from Restriction List," New York Times, April 1, 1947, p. 45.

Pearson, Drew, "The Merry Go Round," Dallas Morning News, December 1, 1947, Sec. II, p. 2.

"Provisions of Proposed Trade Pact with Mexico Announced," New York Times, December 24, 1942, p. 25.

"Survey by National Industrial Board Given at Annual Meeting," New York Times, July 28, 1947, p. 17.

"Temporary Embargo Placed by Mexican Government on Luxury Imports," New York Times, July 11, 1947, p. 8.

"Tightening of Mexican Market Downward Readjustment, Not Recession," New York Times, June 22, 1947, p. 28.

"Trade Pact with Mexico Draws Criticism," New York Times, January 26, 1947, p. 20.

"\$20 Million Loan to Mexico by Export-Import Bank," New York Times, December 8, 1945, p. 7.

"U. S. Willing for Mexico to Levy Import Duties," Dallas Morning News, December 14, 1947, p. 1.

Articles

Bach, Frederico, "The Distribution of Wealth in Mexico," The Annals, March, 1940, pp. 71-78.

Betets, Ramon, "Mexico's Foreign Relations," The Annals, March, 1940, pp. 170-176.

Bustamante, Miguel E., "Public Health and Medical Care," The Annals, March, 1940, pp. 153-161.

Cushing, Sumner W., "The Distribution of Population in Mexico," Geography of Middle America, pp. 7-10.

Dominguez, Adolfo G., "The New Education in Mexico," Mexico and the United States, 1938, p. 114.

Gamio, Manuel, "Geographic and Social Handicaps," The Annals, March, 1940, pp. 1-10.

Hackett, Charles Wilson, "United States-Mexican Relations Since 1920," Mexico and the United States, 1938, pp. 160-170.

Jones, Chester Lloyd, "Production of Wealth in Mexico," The Annals, March, 1940, pp. 55-70.

Mejorada, Javier Sanchez, "Communications and Transportation," The Annals, March, 1940, p. 78.

Phillips, M. Ogden, "Manufacturing in the Federal District, Mexico," Geography of Middle America, pp. 80-89.

Sanchez, George I., "Education," The Annals, March, 1940, pp. 144-152.

Sanders, E. M., "Natural Regions of Mexico," Geography of Middle America, pp. 33-42.

Stocking, George Ward, "The Mexican Oil Problem," Mexico and the United States, 1938, pp. 45-66.

Young, Harold M., "Our Commercial Relations with Mexico,"
Mexico and the United States, 1938, p. 200.

Reports

United States Department of Commerce, Commerce Reports,
No. 5, January 29, 1938, Washington, Government Print-
ing Office, 1938.

United States Department of Commerce, 1937 Review of United
States Foreign Trade in Bananas, Washington, Government
Printing Office, 1937.

United States Department of Commerce, 1937 Review of United
States Foreign Trade in Coffee, Cocoa Beans and Prod-
ucts, and Tea, Washington, Government Printing Office,
1937.