

While in a memorandum which I have already prepared I have made reference to the procurement programs of our country in Mexico, I shall have to refer to them at greater length in a later memorandum.

In this memorandum I shall refer to the activities of the United States Railway Mission in Mexico. When I arrived in Mexico I found that one of the principal problems in connection with the procurement program was the transportation of the materials from Mexico to the United States. Transportation by sea was difficult, as it was difficult to move some of these materials to the Mexican ports on account of the railway and road facilities available. The ^{railway} facilities to Veracruz and to Tampico were overloaded and the wharf capacity and the storage capacity at these ports was quite inadequate to meet the strains of the increased movement. There was a certain movement of materials by sea to Mexico which Mexico needed which really was all these ports could handle and which the railways could handle from the ports. There was further the problem that many of the ships which had formerly plied in the trade between New York and New Orleans and other ports of the United States and Veracruz and Tampico were no longer in service. They were needed in the overseas ^{troop supply} ~~trade~~ to Europe and other parts of the world.

This placed a great strain on the railways of Mexico. The railways of Mexico had been nationalized for the great part and were under the operation and direction of the National Lines of Mexico, which was in fact a government monopoly. The Mexican government, through the National Lines and through the Ministry of Communications, was quite unable to handle this problem adequately. It was not only that difficulty was being found in transporting these strategic minerals and metals and other materials to the United States, but the facilities for moving goods which Mexico needed, such as wheat and corn, from the United States in particular were inadequate. The track particularly between Mexico City and Laredo, Texas was in very bad shape. It needed ballasting and it needed heavier rails. The movement of the trains was very slow. The motive power was inadequate. The

shop facilities for the ~~moving~~ repairing of locomotives and freight cars were not adequate. The problem was further complicated that for many years the Mexican National Lines after nationalization of the lines had depended very largely upon American freight cars for the movement of material not only from the United States and to the United States, but to a certain extent within Mexico. While the National Lines of Mexico naturally paid a daily rental for these cars which was a heavy drain on the railways, although the charge was a very reasonable one and was the same as that charged by the railways in the United States, the number of cars available in the United States was inadequate. Mexican shippers had the very bad habit of keeping cars unloaded sometimes for weeks and even for months. We found that freight cars loaded with merchandise were held in railway yards throughout Mexico without being unloaded. Demur^{age} was naturally being paid by the railways. Our railways were not so much interested in the money that they received in demur^{age} for car rentals, but they were interested in having the cars back because they so desperately needed them for movement of goods within the United States. The movement of trains between Laredo and Mexico City and other points was very slow. We found that something had to be done in order to correct this situation or the strategic materials being produced in Mexico, and production had been greatly increased through the collaboration of the Mexican government and Mexican firms and American firms, we found that the whole procurement program would bog down through the inability to move materials. Besides this, we had the serious problem that there was a heavy deficit running into hundreds of thousands of tons every year of corn and wheat in Mexico which had to be secured in the United States or in Canada. This required a long rail haul and many freight cars. It was naturally the desire of the United States government to see that all the corn and wheat necessary for meeting the deficit in these grains in Mexico would be met.

Shortly after I arrived in Mexico it was decided that it would be necessary for our government to lend its assistance to Mexico in improving this situation in

the rail transport system if the Mexican government was willing to receive this collaboration. The agencies of our government concerned and the Department of State were so aware of the importance of improving the transport system that they were prepared to spend probably up to a hundred million dollars on the railways during the course of the war, if it was necessary for this to be done. This money was to be spent not in the way of loans to the National Lines or to the Mexican government, but if spent under the supervision of a United States Railway Mission there would be no claim upon the Mexican government for compensation thereafter. I was heartily in agreement but I felt that the figures in which we were thinking were too large. I knew that what could be spent within a year was limited. I therefore endeavored to keep the program on a realistic basis, and this was not difficult.

The conversations with the Mexican government led to the coming to Mexico of what was known as the United States Railway Mission to Mexico. It was headed by Oliver Stevens of the Missouri Pacific Railway. Mr. Stevens was a man of long and broad experience in freight transport problems. He was a man of great patriotism and understanding and of decision and courage and initiative. Within a relatively short time he had been able to secure the services of some 40 experienced railway men in the United States. Most of them he was able to get from the Missouri Pacific System, but he secured them wherever they could be got. The railways in the United States released these men for the period of the war for this service with the Railway Mission and considerable disadvantage to themselves, because they needed every man of competence they had. The railways in the United States, however, fully understood the importance of moving these goods from Mexico to the United States and vice versa and they gave their full collaboration to the Mission.

The Mission established its offices in Mexico City. Mr. Stevens was in charge of the Mission. He was directly responsible to me in Mexico City. We saw each other almost daily to discuss the problems. While he was in direct contact

with many Mexican officials involved in the problem, there were many of the problems which I had to deal with with the higher authorities of the government, including President Avila Camacho, when the problems became too serious. So far as the Mexican government is concerned, it gave its full collaboration. It was not only interested from the point of view of collaborating with us in the war effort, but it was interested from the point of view of moving these materials which meant so much in the way of exchange for the Mexican government and these programs were naturally creating a good deal of wealth in Mexico. The government was naturally also interested in the fact that we were going to undertake this rehabilitation program and were going to spend considerable sums of money in improving the transport system, and that no claim would be made for payment of the money spent by the Mission. The government gave every facility that could reasonably be expected from it.

The principal difficulties in carrying through the rehabilitation program which was the basis of the increasing the movement of goods both ways, was the attitude of the syndicate of workers in the National Railway Lines. This has always been one of the most important syndicates in the country and the leaders of the syndicate had no desire to collaborate with the mission. They knew that the work of the mission would bring out the various defects in operation which were due to the workers themselves, and that the workers were under the complete orders of the syndicate and were in many ways responsible for the deliberate delays to the movement of cars and goods. Further than this, the railway syndicate leaders realized, as well as members of the syndicate, that the activities of the mission would bring out the fact that there were many more people on the payrolls of the railways than were necessary, and that this was not only a drain on the resources of the railways but also, ^{that} ~~xx~~/some of these men might lose their jobs. One of the difficulties in the operation of the railways was that there were too many men in order to do the jobs and that they were in each other's way.

One of the first things that Mr. Stevens did was to formulate a program of what the mission could do during the first year of its work and then what it could do in succeeding years. He laid down a very sound program. We found that with the very best effort that the mission could make and with all the collaboration from both governments, that the actual physical conditions involved would make it impossible to do more than a certain amount of work during the first year and that the amount of money needed during the first year was much less than had been thought of in Washington, and even less than the amount I considered in Mexico.

The task involved was one of not only planning but organization. Mr. Stevens gave from the very outset the leadership which the railway mission needed. His courage and his energy and his patience were tried to the limit. He showed understanding of all these problems in Mexico. He realized that all these things could not be done in a day. He endeavored to get the collaboration not only of the officials of the National Lines but also of the syndicate leaders and of the workers. So far as getting the collaboration of the government was concerned, as I have already indicated in this memorandum there was no difficulty whatever. It meant too much for the country. The collaboration of the officials of the National Lines was assured because they knew that there would be benefits accruing from the mission which would last for years, not only material benefits but also what could be learned from these really expert and responsible railway men from the United States. The difficulty from the outset was with the syndicate leaders and with a good part of the workers. The workers for a good part would have been willing to give their collaboration, but the syndicate leaders at no time permitted this collaboration to be given fully. They had purely egotistic interests at stake and by that I mean interests of the leaders and not of the workers. The thing ~~was~~^{they} were fundamentally afraid of was that their own deficiencies would be too much brought out through the work of the mission.

It would be too long to go into the really remarkable work done by this mission. The most important step which had to be taken first and one of the most expensive was the re-ballasting and the relaying with heavier rail of the line from Laredo to Mexico City, which was the main artery for the carrying of goods. The program, however, was extended to other lines in the country. Efforts were made to improve shop procedures, to get cars unloaded more rapidly and returned with return cargo. The repair shops for locomotives which were crowded with machines out of order were reorganized and work stepped up, but in spite of the heavy burdens on our shop facilities in the United States, many of the locomotives had to be sent to shops in the United States for repair. All these things, including the money spent, our government was prepared to do because it had to have these strategic materials. Few programs of this kind that we ever engaged in in any other country brought so many advantages to both countries as the work of the railway mission in Mexico.

When I left Mexico for the Argentine in the spring of 1946 the mission had just about concluded its work. I do not recall exactly how much had been spent, but instead of the hundred million maximum which had been in the minds of some of our people at home when the mission was organized, if I recall correctly the total amount which had been spent by our government on the Mexican railways and for the mission was something like 15 million dollars. While the material benefits to the railways in many respects were very real, there is no doubt also that operating and maintenance methods and shop methods had been improved during the stay of the mission. The important thing was that the transportation was stepped up tremendously. It never became satisfactory because the rehabilitation of such a great railway system and so extensive a one as that of Mexico could not be ~~carried out~~ completed during so brief a period. It was natural of course that this work should stop at the end of the War.

So far as the United States was concerned, the material benefit that we received from the work of the mission was far in excess of the amount spent on the work which the mission did. Had it not been for the work of the mission and the money spent, our production program in the United States would have been seriously hampered. The minerals and metals and fibers and other raw materials which we secured from Mexico during the period of the war were not only helpful to us but they were indispensable in meeting deficiencies and in sources in other countries. The work of the railway mission was a very real contribution to the war effort and the amount spent was insignificant for the advantages secured for us alone, not to speak of the advantages secured also for Mexico.

The work of the railway mission was carried on in such a way too that it created good will in the country. It was of course only a limited part of the population in Mexico which realized the great advantages which the mission was bringing. There were only very few people who really realized that the money that was being spent was being spent by our government and by our tax payers and that it was not reimbursable. Nevertheless, everyone in Mexico almost except the most remote Indians in the high mountains had some benefits from this increased production in Mexico, stimulated by our procurement program and by the capacity to move the goods to the markets. Besides that, the better movement of goods meant that there was plenty of wheat and corn available when it was needed to meet deficits in the country and people did not have to go hungry during the war. There is no doubt that the mission created good will towards our country in Mexico and particularly ^{better} understanding of our motives and basic principles among important people in the Mexican government and in the Mexican economy.

The work of the mission had proved so important that both the Mexican government and the National Lines were interested in keeping some kind of a mission in Mexico. Mr. Stevens, who did not stay with the mission until the end of the war, kept up his interest therein and he and his successors did everything they

could to help to plan and bring about a smaller mission remaining in the country to render technical assistance to the Mexican railways. The plans involved maintaining the full dignity of the Mexican management of the National Lines. It was really the opposition of the syndicate leaders and of some of the more influential workers which prevented this plan from being carried through. It is to be regretted, and I am sure it is regretted today, by many responsible people in government and in industry in Mexico that such a mission did not remain in the country, even though it was ^{to be} confined to purely technical advice.

Today when we are talking about the Point Four program it is well to recall the work which was done by the United States Railway Mission in Mexico. I doubt if anything more constructive or helpful has been done at less cost and with more effect under the Point Four program than what was done by the U. S. Railway Mission in Mexico during the period of the war.

Although the Railway Mission was always headed by responsible and competent men, there was hardly a day that passed that I did not have to give from at least half an hour to an hour to the work of the Railway Mission, the movement of goods and in many cases to the movement of wheat and corn and other foodstuffs from the United States in adequate quantity. President Avila Camacho was a very understanding man, following the work of the railway mission very closely. He was understanding of all the implications which the mission had and of the permanent good results which would come out of the work of the mission, as well as the immediate results during the war. He took such a personal interest in the work of the mission that from time to time he saw Mr. Stevens, the head of the mission, and talked with him at length on the problems that the mission was encountering and helped to solve them. It was in fact the interest of President Avila Camacho in the work of the mission which was one of the principal factors in making it a success, for that assured the full collaboration of all of the officials of the Mexican National Lines. I mention this interest of the President in the Mission

because it is an indication of the broad understanding which President Avila Camacho had of basic problems in the relationships between the two countries and also the basic problems in his own country.

On one occasion Mr. Stevens came to me and said that there was a very delicate problem which he felt I had to take up with the President. The head of the National Lines was a General. He was a very respectable and respected man. The unfortunate thing was that he was sick and that he could not attend to his work. This made it difficult to get coordination among the head people in the National Lines and Mr. Stevens felt that the only solution was the resignation of the President of the National Lines. After a great deal of reluctance I decided to mention the matter to the President the next time I saw him. I did so in a very delicate way. The President smilingly said, "You think I ought to remove him." I said, "Yes, I think in the interest of the country, if even in the interest of Mexico alone, it should be done." The President then said he wished to tell me a little story. During one of the revolutions in which he had played a considerable part he was in command of some thousand troops in a small town. He was surrounded by the government forces. The general commanding the forces surrounding him, which were overwhelming, was this general who was now head of the railways. He had to surrender because he knew that if the town was attacked his men would be destroyed. He knew that if he surrendered the chances were that he and his principal officers would be shot. That was unfortunately the practice in the revolution. Nevertheless, to save his men he had to save a white flag to this general to offer the unconditional surrender of the town and of his men. The arrangements for the surrender were made. President Avila Camacho said that he and four or five of his principal officers went out of the town into the camp of this general. The general received him very courteously. ~~He handed~~ General Avila Camacho handed him his sword and his side arms. The officers accompanying him did the same to the subordinates of the general. The General returned the

sword to General Avila Camacho and returned the arms to his officers. He told them that they were free to go home and to go home to Mexico City. He would see that the necessary arrangements were made for their safe conduct and for their safety in the capital.

President Avila Camacho turned to me with his fine, gentle smile and with a twinkle in his eye he said, "The general is now sick. It is quite impossible for him to take proper care of his duties as head of the railway. Would you, in my place and in view of what I have just told you, have the heart to remove the general from his post to which he is so much attached when he is a sick man?" I said to the President that I would say no more and that he would hear no more from us. The President went on to say, of course, that this did not settle the problem, that a way would have to be found by which the work of the higher officers of the National Lines could be coordinated so that the work of the mission could go forward as it should. He would see that the necessary steps to this end were taken. It was not long thereafter when the general resigned of his own accord.

I always found General Avila Camacho a fine, understanding person. While he was a man of great personal courage and when necessary could show great decision, he was a man of great sympathy and understanding. His predecessor, General Cardenas, had always made a great parade of his interest in the common man. President Avila Camacho did not talk about it much in public, but in all that he did while he was President he made sincere efforts to improve the lot of the common man. Few men have left the presidency at the end of their term of office in Mexico with more general respect than did General Avila Camacho.

Last night Mr. Rodriguez Adame told me that with reference to the story I told him about General Avila Camacho that the name of the Director General of the Mexican railways at the time was General Estrada, and that the place where General Avila Camacho surrendered to General Estrada was Morelia. He will verify and let me know.

The events covered in the memorandum under reference took place in 1923. It is my understanding that the time of this surrender was sometime in November, 1922, or January 1923. Mr. Adame will verify the dates for me.