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## **WOULD THE ANNEXATION OF MEXICO BE DESIRABLE?**

BY HENRY WARE ALLEN.

Not long ago a proposition was introduced into the United States Senate having for its end the purchase, by the government at Washington, of large sections of the Mexican frontier states of Chihuahua and Coahuila. The projectors of this measure knew perfectly well that the value of this land would be multiplied many times just so soon as it should become part of the United States of America, and of course these gentlemen were actuated by the purely personal motives of securing to themselves a large share of this, to be, newly created value.

Ignoring the animus of that scheme, it may be worth while to consider the facts to which it called attention. Southwestern Texas and northern Mexico are physically one and the same country, yet the desirability of living north of the Rio Grande is so great as to make a vast difference between the land values of the two divisions. Fifty years ago this difference did not exist; but when the citizens of the present state of Texas were successful in seceding from Mexico with their territory, and joining it to the United States, this difference began to exist, and every year since then it has become more sharply defined. Taking into account the welfare of the population which thus swept itself from allegiance to Mexico to become part of the northern republic; considering the enormous increment to the land values of the territory immediately enjoyed, the question forces itself, Why would not annexation to the United States be of the same inestimable advantage to the Mexico of to-day as it proved to be to the territories of California and Texas?

The success of the Southern Confederacy in dividing the union of states would have been deplorable chiefly because of the economic blunder in thus duplicating the vast machinery of state on the North American continent. The economy realized by consolidation and combination, and, on the other hand, by extreme division of labor, in modern industrial enterprise, suggests that the same principle which gives such distinct advantages in private production of wealth might and should be applied in the fiscal affairs of nations. And in accordance with this principle, there should be not more but fewer of the hostile walls which nations throw up against one another.

Different national territories are not, like so many square miles of Texas prairie land, all capable of exactly the same products; neither are all peoples capable of equal proficiency in all branches of manufactures and art. Then, too, watches are made in Geneva, knives are made in Sheffield, shoes are made in Lynn, and brass is worked in Ansonia at a minimum cost, not because these places are especially near to the sources of the raw material used, for they are not, but because for generations the populations of these places have been devoted to these special industries. So it is that the greatest division of labor, and the widest field for exchange of products, give the maximum advantage; and for this reason the annexation of Mexico, by the removal of barriers of trade between two great nations, would be immensely beneficial to both peoples.

Those who live near the frontier, and those who are engaged in trade between the two republics, need no arguments to demonstrate the disadvantages suffered by residents of Mexico on account of the tariff. Those, however, who live in the United States far from the frontier, in the midst of practically a commercial world under one flag, can only appreciate these disadvantages by conceiving of what their own dilemma would be, should a local Governor McKinley surround every one of the separate states with a tariff wall — thus giving to trade chronic paralysis, and doubling the cost of living.

Mexico is fortunate in having a president and cabinet whose great purpose is to promote the best welfare of the republic; but she is unfortunate in that the ruling class is not inclined to sustain these gentlemen in their efforts for reform; she is unfortunate in having her soil, with its vast unearned increment and its unlimited possibilities, "owned" by comparatively a few individuals whose interests the laws favor in every way. So it happens that taxation in Mexico is about the worst imaginable — a custom-house tariff being the chief means of revenue. If, therefore, Mexico should be annexed to the United States, the question would present itself, How can the revenue which would be lost to both countries with the abolition of the frontier custom-houses be made good?

It is evident that all good protectionists in both countries would violently oppose annexation, if for no other reason than that the convenient system of each country's making the other pay a large part of its taxes would then have to go. And that other class, unconscious protectionists, who would maintain a tariff for revenue only,

might also be shocked at the proposition to deprive the two governments of those huge revenues now collected at Laredo and El Paso. A little reflection, however, will bring the assurance that free trade between Mexico and the United States could not be less beneficial to all concerned than free trade between Texas and her sister states — which trade no one would now think of hindering. But, though it may easily be conceded that in annexing Mexico the necessary abolishment of the frontier custom-houses would work no harm to either people, some system of taxation to compensate for the revenue lost would be imperative, and this paper would not be complete unless it embodied a practical suggestion of some such system.

Ideal taxation is that which helps, not hinders, the largest possible production of wealth. From the time raw material is first taken from the earth, through the multitudinous processes it has to pass before delivery to the consumer as a finished product, it should never be burdened in the slightest degree by taxation. Taxation should not bear upon incomes or accumulated wealth — thus tending to discourage prosperity and to make one class of citizens beneficiaries of charitable contributions forced from another class. Taxation should not in any way be useful to monopoly, either positively — as in tariff and excise taxes by restricting supply and narrowing competition — or negatively by exempting from taxation natural opportunities, thus fostering the monopoly of land.

A system of taxation perfect in economic requirements, having none of the above mentioned objections, is comprehended in the single tax upon land values as advocated by Henry George. If, in the annexation of Mexico to the United States, the necessary loss of revenue now collected at the frontier custom-houses should happily be made good by adoption of the single tax system, Mexico, from being apparently a poor country, would immediately spring from impoverishment to a condition of unrivalled progress, and for the following reasons :—

At present the production of wealth is heavily fined, almost at every step. In the first place land, or its value, not being taxed, is held as such a precious monopoly that practically no immigration is possible. The bounties of nature are under lock and key. The huge divisions of agricultural lands are held by "haciendados" who are generally satisfied with the enormous revenues secured by the application of primitive methods of cultivation. City landlords pay absolutely no taxes at all; for as vacant houses are entirely exempt, it is really the tenant who pays the tax. If streets are

paved, the government pays for it out of funds taken from commerce, the landlord again being entirely exempted. But every movement of commerce and trade is taxed unmercifully. Imported goods not only have enormous fees to pay upon entering the country, but are also taxed by the state into which they pass for sale. Merchants are taxed on the amount of their annual sales, on every check, bill of exchange, note, receipted bill, or telegram issued; while the very expression of desire to trade is practically fined — every advertisement in newspapers, on placards, in shop windows, in street cars, and so on, being subject to a stamp tax. To this system government inquisitorial inspection is a natural counterpart, and the provisions of the law are so voluminous, complicated, and ambiguous that it is scarcely possible for even the most conscientious business man to escape an occasional heavy fine for some unwitting infringement. The logical, actual result of the present system in Mexico is that prices of almost all commodities are exceedingly high, and the opportunity to labor is so restricted that the peon population is little, if any, better off than were their ancestors centuries ago.

In contrast to all this, the single tax system would secure to the people of Mexico, for the expenses of their government that fund, the annual rental value of their lands, which is purely a fruit of population, and so belongs to the people and not to the landlords who now get it. This system would dispense with nearly all the present horde of tax-gatherers, simplify government, and greatly reduce its cost.

With the annexation of Mexico to the United States, and an application of the single tax system in lieu of a customs tariff, an immediate effect would be the opening to American manufacturers and producers of a vastly enlarged market. As the fertile lands of Mexico would be surrendered by monopoly and thrown open to immigration, this market would grow year by year, and the present European trade would be mostly diverted to the northern states.

It happens, however, that Mexico wants no annexation to the United States. And if that is not a sufficient reason to settle the matter — which it most certainly is — no greater mistake could be made than for the government at Washington to entertain for an instant the proposition of annexing Mexico. President Diaz rules a people whose traditions, customs, and prejudices are entirely different from those of their northern neighbors. The Mexican people are patriotic, and would resent the protection of any other flag than their own — especially the flag that invaded their

country in a war generally conceded to have been a shame to the aggressive nation. The annexation of Mexico would inaugurate a season of turmoil, friction, and rebellion worse than any Mexico has yet experienced. It would be utterly impossible for the population of Mexico to be successfully governed, directly or indirectly, from Washington. As well might the United States be brought under Mexican rule.

Commercial union, however, is of the utmost desirability. Absolute free trade is what is wanted, and is all that is wanted, in the way of annexation. Free trade is all that the annexationists of Canada want, if they only knew it; and the author of "Progressive Democracy," in his recent proposition that England and the United States be reunited as one nation, is really actuated by a knowledge of the advantages of free trade. He resorts to the clumsy expedient of joining the two nations, as he might advocate the annexation of Mexico, because of the cruel consistency that binds him to the fetich of protection — to the theory that as free trade within a nation is all right, the only way to enjoy free trade with foreigners is to make them fellow citizens.

As the possibilities of annexing Mexico, Cuba, the Hawaiian Islands, Canada, and, according to Mr. Carnegie's proposition, Great Britain, present themselves, it will be well for the American people to accept that sentiment of Jefferson's, "Freedom of commerce with all nations; entangling alliances with none."