Economic Thought and Culture in Revolutionary Mexico: Carlos Díaz Dufoo’s Critique of the Humboldtian Idea of Mexico’s Legendary Wealth

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Resumo

A obra México y los capitales extranjeros (1918) do economista Carlos Díaz Dufoo foi a primeira crítica abrangente sobre o “mito da riqueza do México” – a noção que se tinha na época de que o México possuía imensas riquezas por causa do seu tamanho, do seu clima variado e dos seus recursos naturais valiosos, que foi popularizada pelo ensaio na época da Independência, Ensayo Político sobre el reino de la Nueva España, de Alexander von Humboldt. O argumento de Díaz Dufoo está enraizado em uma noção contemporânea de riqueza que orientou suas percepções da economia mexicana. Mas o seu texto controverso está também envolvido com o contexto revolucionário. Assim, examinando tanto o ataque de Díaz Dufoo ao mito quanto a recepção de suas críticas pelos revolutionários, este ensaio possibilita novas visões a respeito das ideias econômicas e das ligações entre ideologia econômica e a política no México revolucionário.

Abstract

Economist Carlos Díaz Dufoo’s México y los capitales extranjeros (1918) was the first comprehensive critique of “Mexico’s legendary wealth” – the time-honored notion that Mexico contained immense riches due to its large size, varied climate, and valuable natural resources, popularized by Alexander von Humboldt’s independence-era Ensayo Político sobre el reino de la Nueva España. Díaz Dufoo’s attack was rooted in a contemporary notion of wealth which colored his perceptions of the Mexican economy. But his contentious text was also enmeshed in revolutionary politics. Thus, by examining Díaz Dufoo’s assault on the legend and revolutionists’ reception of his controversial critique, this essay provides insights into economic ideas and the links between economic ideology and political policy in Revolutionary Mexico.

1 This essay is an expanded and revised version of my 2004 conference paper entitled Carlos Díaz Dufoo’s Critique of the Humboldtian Narrative of Mexico’s Legendary Wealth. José Enrique Covarrubias and Ralph Violette provided helpful suggestions for revision and the National Endowment for the Humanities and Indiana/Purdue University Fort Wayne provided financial support to carry out research.
Introduction

It may appear that historians' neglect of Carlos Díaz Dufoo's 1918 work México y los capitales extranjeros is justified. After all, the text failed to achieve Díaz Dufoo's goals of stemming the Mexican Revolution's economic nationalism and persuading policymakers to create a more favorable climate for foreign capital. But the book had a significance that scholars have overlooked. It was the first comprehensive critique of Mexico's legendary wealth—that is, the popular idea that Mexico was incredibly rich owing to its large size, varied climate, fertile soil, and valuable natural resources. Alexander von Humboldt's extremely influential Ensayo político sobre el reino de la Nueva España popularized the legend worldwide at the beginning of the nineteenth century, and Mexicans did not routinely reject it until the mid-twentieth century. Díaz Dufoo's 1918 text was an important forerunner in the emergence of this new critical attitude about Mexico's legendary wealth. By focusing on the appearance and dissemination of the legend, however, historians have overlooked twentieth-century attacks on the notion of Mexico's vast natural riches. This essay, by studying twentieth century critiques, examines an overlooked but intriguing aspect of the legend. The story of the legend's decline is especially compelling because it was intimately linked to Revolutionary politics, policies, and identity. Researching the critique of the legend also provides a unique window into Mexican economic thought. Díaz Dufoo's attack was not based on new knowledge about Mexico's natural resources, but rather his contemporary conception of wealth, which emphasized capital and technology above all else. Consequently, Díaz Dufoo's text offers insights into the ways in which notions of wealth changed over time.

Studying Mexican reception of his text, in turn, provides a window into how Mexican economic culture changed over time. This is especially the case because his text had a long historical life. In 1941, more than two decades after the first edition was published, a significantly revised second edition appeared in print. Revolutionists attacked his first edition during the late 1910s, but there was a warmer reception to his second edition at the beginning of the 1940s. This inconsistent reaction reflected a change in Mexican economic culture, for Díaz Dufoo's core message did not change. Díaz Dufoo seemed aware of these shifts. His first edition consciously sought to undermine Revolutionary dogma and he anticipated that it would not be well received. In contrast, he stated that the emergence of new economic attitudes, which appeared more receptive to his message, inspired him to publish a second edition.

Díaz Dufoo is an ideal figure to examine to gain insights into Mexican economic ideas and culture. Even if he wore a number of hats (he was an academic and wrote theatrical works), he mostly dedicated himself to writing on contemporary eco-

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3 For a more general overview of the legend's decline than is presented in this essay see my recent conference paper, "The Humboldtian Myth". The only published study on the legend's decline that I am aware of is Salmerón Sanginés brief and stimulating "El mito de la riqueza de México," which spans the colonial and national periods but mostly focuses on the writings of Daniel Cosío Villegas.

4 He taught at Mexico's National University and published Robinson Mexicanos, an economics textbook. He wrote several theatrical works, some of which, such as Entre vecinos and De gracia, were performed at Mexico's National Theater.
nomic issues. He was born in Veracruz in 1861, studied abroad in Spain, and returned to Mexico in the 1880s. He became an influential writer in the 1890s and remained so until his death in 1941. Hence he was a noted commentator on the Mexican economy for about five decades. During Porfirio Díaz’s long reign (1876-1910) Díaz Dufoo was a member of an informal political group labeled científicos, a small camarilla that wielded significant power in Díaz’s government. In the 1890s Díaz Dufoo helped establish El Imparcial, a very influential semi-official Mexico City daily, which had the highest distribution rate of its day. For the first decade of the new century he was editor of El Economista Mexicano, a well-respected financial weekly. In addition to his work in journalism, he published several noted economic studies during the Porfiriato, including an overview of the early Porfirián economy, a biography of José Limantour, Porfirio Díaz’s famed finance minister, and a study of Mexican industry, which was published in Justo Sierra’s celebrated three-volume study, México, su evolución social. Even though he became part of the discredited “ancien régime” after the 1910 Revolution, he continued writing and remained influential. Retaining his Porfirián-era ideological beliefs, he became a critic of successive Revolutionary regimes, and his attacks focused on economic policies. In keeping with his actions during the Porfiriato, he was an active journalist and also published more extended works. His editorials appeared in El Demócrata, Revista de Revistas, and Excésor. During this era he published, among other studies, La cuestión del petróleo, an extended critical study in the vein of México y los capitales extranjeros.

**Díaz Dufoo’s Critique of the Humboldtian Legend**

What inspired Díaz Dufoo to publish his lengthy attack on the legend in 1918? After all, he had been making similar arguments in briefer form since about 1900. Why wait so long to write an extensive critique? It appears that he sought to counter certain trends in revolutionary thought, tendencies some contemporary critics labeled Revolutionary “optimism,” that he disagreed with. These were not precise trends, so they are difficult to summarize. Nevertheless, there were some general tendencies. From this revolutionary perspective, Mexico’s economic problems were rooted in politics. The assumption was that Mexico was a wealthy nation, but that political policies, which favored wealthy nationals and foreigners, prevented equitable distribution. Not unlike a hopeful 1960s African attitude that predicted prosperity after decolonization, Mexican revolutionary optimism suggested that once freed from the yoke of the Porfirián regime, Mexicans would become wealthy.

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5 For a brief overview of Díaz Dufoo’s economic ideas see Silva Herzog (1964, p. 325-333).
6 These works by Díaz Dufoo were entitled México: 1876-1892; Limantour; and “La evolución industrial”.
7 Prominent politicians continued to cite his works during the Revolutionary era and beyond. For example, the Mexican Senate’s study of the petroleum industry, El petróleo y la industria nacional, extensively cited Díaz Dufoo’s La cuestión del petróleo.
8 Francisco Bulnes is another example of a member of the Porfirián elite who continued writing during the revolution and had polemical exchanges with revolutionists.
9 For a compilation of some of his editorials from the 1910s to the 1930s see his work Viuda económica.
10 See his 1901 work, “La evolución industrial”.
11 For other critics of revolutionary optimism see Flores (1913); Cosío Villegas (1924); and Bulnes (1922, p. 3). For a compilation of Bulnes’ newspaper articles which critique revolutionary optimism in the agrarian sector see his work, Los grandes problemas de México.
Porfiriatismo some did assume Mexico was endowed with valuable natural resources. But a Porfirian mantra was that foreign capital was essential to exploit Mexico’s wealth. From Díaz Dufoo’s perspective, the ruling ideology in Porfirian Mexico was basically correct. But the underlying assumptions of Revolutionary optimism, which were rooted in the historical notion of Mexico’s legendary wealth, were erroneous. Thus, it was the Revolution’s shifting ideological and political climate that inspired Díaz Dufoo’s extended attack on the legend.

Díaz Dufoo referred to the conception of riches associated with the legend of Mexico’s wealth as “spontaneous.” That is, he maintained that the popular legend conceived of Mother Nature as the autonomous generator of riches, especially in the “mining” and “agricultural” sectors. Stressing this point he asserted that “public opinion” perceived Mexico’s mineral wealth as “exceptional, marvelous, spontaneous and free . . . it was [like] a lottery, in which not one but all entered the game and all won the prize.”12 He recounted a colonial-era tale that captured this attitude: precious metals were so abundant and accessible that they could be easily picked up by hand. Underscoring this overflowing wealth that Mother Nature provided, another fable claimed that there were such abundant riches that Spaniards felt that it was only “dignified” to collect gold; they left the “silver” leftovers for “Indians and slaves.”13 Díaz Dufoo had a parallel analysis about Mexicans’ notions of the nation’s oil wealth. To make his case he quoted Manuel Flores, a contemporary who had written a study of the oil industry.14 Flores complained that “legends had been created about the [oil] industry,” which suggested that little labor brought immense profits, for Mother Nature did all the work. First, where the oil existed was determined with “mathematical precision.” Second, a hole was made in the correct spot, and then gushing “torrents” of oil came forth.15

Díaz Dufoo spoke of this natural-resource-based notion of Mexico’s wealth as a “fantastic concept” and maintained that Mexicans needed to be “awoken” from this “dream.”16 He especially lamented the negative views about foreign investment that stemmed from this surreal state. The legend of immense and spontaneous natural resource wealth erroneously implied that foreign capital was unnecessary to generate riches. But there was another unfair charge against foreign capital, which he suggested was especially strong during the revolutionary era he lived in: the legend encouraged the wrongheaded idea that foreign capital robbed Mexico of its wealth. Díaz Dufoo made this point several times, and put it this way on one occasion: “The exaggerated concept of our wealth has as a corollary, namely, the ill will of foreigners, who egotistically take our riches and use them for their own benefit without contributing to the wealth of the nation.”17 For him, these were gross misconceptions. He especially regretted their

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12 Díaz Dufoo, 1918, p. 170.
13 Ibid., p. 154.
14 Flores (1913). Díaz Dufoo’s own study of the oil industry made similar claims, maintaining that the discovery of oil renewed “our faith in the exceptional wealth of the nation.” See his work La cuestión del petróleo, p. 6-8. For an example of the positive assessments of the oil industry that Flores and Díaz Dufoo sought to counter see López Portillo (1921, p. 23-24).
15 Díaz Dufoo, 1918, p. 186.
16 Ibid., p. 154.
17 Ibid., p. 214, 298, 326.
impact on policy. In a chapter metaphorically entitled "the Chicken with the Golden Eggs" he explained the consequences. After discussing nationalist policies he stated that "never has the fable of the chicken with the golden eggs been invoked more absolutely." 18 Apparently, Mexico was the fowl and the golden eggs were her valuable resources. Foreigners would not be permitted to confiscate them. Thus, the legend inspired economic nationalism and anti-foreign policies. Díaz Dufoo argued against this predatory depiction of foreign capital. 19 He was especially critical of article 27 of the 1917 Constitution, which defined Mexico's resources as the property of the nation, not individuals or private interests. He charged that article 27 was "anti-capitalist" and an "irreconcilable enemy" of "capital" since it effectively "abolished private property." 20 He lamented that the article granted the nation control over subsoil rights and thus dominion over the extractive industries, most significantly oil. He noted that the foreigners who controlled these industries would be scared away and Mexico's economy would decline. In essence, his book was a case against article 27. 21

Díaz Dufoo located the historical source of the contemporary legend in Alexander von Humboldt's late-colonial multi-volume Ensayo político. Díaz Dufoo did not fully explain how Humboldt had started the legend, however. All he stated was that Humboldt's text had caused Mexicans to look at their nation with rosy "tinted glasses." 22 Since Humboldt's extensive discussion of Mexico's natural resources was so well known in nineteenth century Mexico perhaps Díaz Dufoo thought his reference to Humboldt was self-explanatory. An examination of Humboldt's text reveals that it did depict Mexico in accordance with the legend that Díaz Dufoo sought to dispel. Humboldt emphasized Mexico's immense and varied natural resource wealth. Further, Humboldt's eclectic conception of riches accentuated the centrality of Mother Nature rather than capital or labor in creating wealth. 23 In keeping with Díaz Dufoo's claims, nineteenth century nationals and foreigners both stressed the immense impact that Humboldt's writings had on the public imagination. Lucas Alamán, the foremost conservative thinker during early republican Mexico (1824-1861), contended that Humboldt's depictions of Mexico's immense wealth had inspired the independence movement. 24 In the 1820s English investors blamed Humboldt's overblown accounts for enticing them to invest in unprofitable mining ventures. 25 Some charged that Humboldt's maps of Mexico's north, which the explorer shared with Thomas Jefferson, made U.S. interests greedy for Mexico's rich lands and ultimately led to the Mexican-American war. More broadly, throughout the nineteenth century, nationals and foreigners extensively quoted Humboldt to substantiate their claims that Mexico had immense natural riches. 26 In keeping with Humboldt's assessment, leading

18 Díaz Dufoo, p. 436.
19 See chapter 12, which was entitled "What Foreign Capital Has Brought", p. 365-98.
20 Ibid., p. 463.
21 Ibid., p. 464-472. What made matters worse, Díaz Dufoo argued, was that regardless of nationalist policies, the post-war era was marked by a shortage of capital, for Europe was reinvesting in its own reconstruction and thus had little money to invest in Mexico, which heightened the importance of the United States as a source of capital. On capital scarcity see chap. 15.
22 Ibid., p. 153.
23 For a discussion of Humboldt's conception of wealth see Weiner, "Redefining Mexico's Riches".
25 For a detailed historical account of the controversy see Miranda (1962, p. 187-202).
26 Engineering and Mining Journal, a leading U.S. periodical, for example, cited Humboldt extensively.
post-independence thinkers, such as liberal José Mora and conservative Lucas Alamán, called for population growth in order to exploit the nation's untapped riches. Consequently, Díaz Dufoo's claim that Humboldt's work played a pivotal role in the dissemination of the legend had merit. In fact, some of Díaz Dufoo's contemporaries made similar claims.

Given Díaz Dufoo's assertions about the negative impact that misperceptions associated with the legend had on policy, it is unsurprising that he spent much of his book debunking the legend. Of course, he was by no means the first to question Mexico's natural resource wealth. He cited many forerunners, mostly nineteenth-century Mexicans, to bolster his argument. But his criticism was not merely a rehashing of old arguments. The works he cited for the most part studied specific aspects of Mexico's resources and did not engage in the broader task of dispelling general perceptions. He creatively wove all these writings together and thereby made the first sustained and comprehensive attack on the legend.

By stressing Mexico's deficiencies he provided a revisionist interpretation of the economy. He countered contemporary conventional wisdom, for, as scholar Paolo Riguzzi has shown, during Porfirio Díaz's reign (1876-1910) many (especially national and foreign promoters) depicted Mexico as very prosperous.

Díaz Dufoo's revisionism was evident in his depiction of Mexico's natural resources, for he portrayed nature as a hindrance to economic progress. He recounted a colonial-era story that emphasized how Mexico's mountainous topography was a severe obstacle to commerce. The tale, in which a Spaniard crumpled up a flat sheet of paper to portray Mexico's bumpy terrain, underscored how difficult it was to transport goods. Rainfall also posed a dilemma. Not only was it insufficient for agriculture, but it also was irregular, which meant that both torrential rain and dry spells caused problems. From the perspective of Díaz Dufoo's human-centered notion of wealth, climate was another obstacle, for in some areas Mexico's extreme climates inhibited population growth. Adding to his incisive critique, Díaz Dufoo directly challenged two tenets of the legend: the popular idea that Mexico's soil was especially fertile and the belief that Mexico's minerals (especially precious metals) had great value.

In Díaz Dufoo's description, Mexico's natural resources by no means autonomously created wealth. They did play a role, however. He frequently called natural resources "latent" wealth or "potential" wealth. Díaz Dufoo repeatedly showed the central role capital played in transforming "potential" wealth into tangible riches. He lamented the fact that only a fraction of Mexico's land was currently utilized for agriculture and maintained that irrigation and transportation needed to be greatly expanded if Mexico were to utilize more of its territory for growing

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27 Mora, 1986; Alamán, 1945, p. 16-17.
28 While scholars agree that Humboldt played a pivotal role, some depart from Díaz Dufoo by locating the origins of the legend in the age of the Spanish Conquest. See, for example, Cosío Villegas (1940).
29 Pereyra, 1917.
30 Justo Sierra's 1885 work entitled México social y político consciously sought to undermine the legend. Díaz Dufoo's work, however, was much more extensive, for Sierra only dedicated a few pages to the legend.
32 Díaz Dufoo, 1918, p. 123.
33 For Díaz Dufoo's critique of Mexico's resources see chapter 5, entitled "Our Natural Wealth".
34 For example, a subheading on page 69 was entitled "Potential Wealth and Public Misery".
His discussion of Humboldt in this context is telling about how economic attitudes changed over time. Díaz Dufoo cited a section of *Ensayo político* that asserted that northern Mexico could not support agriculture owing to the arid climate. Díaz Dufoo maintained that this region, which was now the U.S. Southwest, had been transformed from deserts into gardens via capital investment.\(^{15}\) For Humboldt, Mother Nature was the basis of wealth thus where it was deficient the economy was unproductive. But Díaz Dufoo, who wrote during an era in which technology reached unprecedented heights, believed that humans could overcome the limits imposed by nature. Díaz Dufoo utilized Humboldt’s analysis of the mining sector to bolster his argument. Humboldt’s discussion of the fabulously productive Valencia mine was the exception that proved the rule that capital was the basis of wealth. The Valencia mine had been so productive, Díaz Dufoo maintained, precisely because significant amounts of capital had been invested in it.\(^{36}\) An obstacle faced by the contemporary mining sector was a lack of coal, which was needed in the refining process (wood sources had already been depleted). Mexico had coal, but it was in the North and transport was so expensive that it was sold mostly to the United States instead of being consumed internally. (A shortage of coal also impeded the progress of Mexican manufacturing.) The transportation problem not only affected coal, but also oil. Oil reserves existed, but a transport system to ship oil to the coast did not.\(^{37}\)

Díaz Dufoo complemented this empirical argument with a foray into theory, in which he disagreed with some famous economic theorists.\(^{38}\) He summarized theories about wealth creation by influential economists, including Pablo Leroy Beaulieu, John Stuart Mill, Charles Gide, and Alfred Marshall. Díaz Dufoo noted that these economists stressed three main forces that worked together to generate wealth: the natural environment, human labor, and capital. Of the three, Díaz Dufoo maintained that economists generally agreed that the natural environment was most important and capital least important. He countered this argument by maintaining that capital was most significant, a position that was in keeping with some of his European contemporaries who were undoubtedly impressed by the immense impact that capital investment had had during their lifetimes. He supported his assertion with many historical examples taken from different parts of the globe, which were based on the scholarship of numerous researchers. Even if his approach might have been more precise and focused, he nevertheless did effectively use examples to make his case. He argued that capital was more significant than labor in numerous ways. Capital was a magnet for human populations, and thus actually was the dominant of the two. For example, areas that were uninhabitable for health reasons could be made more healthful via investment, which resulted in migrations to the region. Similarly, areas that were uninhabited for lack of economic opportunity became populated after industries moved in. But capital not only created labor, but also replaced it via mechanization. Shifting to the relative importance of capital and the natural environment, he provided examples that showed capital was more significant than soil in agriculture (via dry

\(^{15}\) Díaz Dufoo, 1918, p. 84-86.

\(^{36}\) Ibid., p. 176.

\(^{37}\) Ibid., chapter 6, p. 151-194.

\(^{38}\) He critiqued economic theorists in chapter 2.
farming which enabled cultivation in areas it had previously been impossible) and mineral deposits in mining (via the use of carbon). He especially highlighted capital’s importance in the “big industries,” which had arisen since the “first quarter of the past century,” such as the textile and iron industries. Stating that wealth was a modern phenomenon which dated back only to the second half of the nineteenth century (perhaps he selected this date since capital investment increased significantly after this period), he suggested that without capital riches did not even exist.

For Díaz Dufoo, capital was an all-powerful force that not only generated wealth, but also transformed the global landscape by creating economies of scale. He called this transformation the “law of progress: the economy of power—has presided over the industrial evolution of societies: from the small industry, with tools and machines of little value, to the large industry, with expensive installations, factories of vast size and concentration of business operations.”

In other words, the age of economies of scale—with massive production, immense capital investment, and scores of workers—had dawned. Owing to his unwavering belief in progress, he predicted that increased economic concentration was on the horizon. Ironically, aspects of Díaz Dufoo’s economic vision resonated with Marx’s. Both believed in the inevitability of material progress, which manifested itself in increasing concentration and industrialization.

This notion of inevitable progress was evident in Díaz Dufoo’s predictions about Mexico’s economic future. He described Mexico as one of the “new countries” which had significant latent wealth in resources, thus much economic potential. All that was needed to realize that potential were large doses of capital, more specifically, foreign capital, for “new” countries lacked their own capital reserves. To bolster his rosy predictions he cited El provenir de las naciones latinoamericanas, written by Francisco Bulnes, a prominent member of the powerful Porfirián científico political clique. Díaz Dufoo asserted that even Bulnes, who was somewhat of a pessimist, acknowledged that Mexico could achieve economic grandeur almost on par with the wealthiest nations.

Given Díaz Dufoo’s infatuation with industries that required extensive capital and technology coupled with his admiration for industrialized nations like the United States, Britain, and Germany it is unsurprising that his vision of Mexico broke with the international division of labor, which relegated Mexico to being a producer of raw materials. True, he underscored the need for capital and technology in Mexico’s agricultural and extractive industries. But he also emphasized the importance of creating manufacturing industries in Mexico, as his lengthy promotions of protectionism and attacks on free trade and the international division of labor demonstrated. He made several points to support his position. He cited historical examples of nations (such as the United States) which had employed protectionist policies to successfully promote manufacturing. He also cited contemporary developments—from Germany’s successful industrialization to economists’ appreciation of the effectiveness of protectionism in specific cases—to support his argument. He also pointed to the weaknesses of raw material exporters, including declining international prices for silver and coffee as well

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39 Díaz Dufoo, p. 34.
40 Ibid., p. 46.
41 Ibid., p. 50.
as dependence on manufacturing nations for finished goods. Díaz Dufoo’s strong embrace of manufacturing would become a component of official Mexican ideology, but not until the 1940s. During the 1910s, in contrast, some revolutionists embraced small-scale production by Indian communities. Díaz Dufoo’s attack on this Indianist revolutionary model was evident in his assault on Fernando González Roa, a revolutionary propagandist who held national and foreign diplomatic posts in the Mexican government during the 1910s and 1920s. Díaz Dufoo criticized the revolutionist’s 1916 work The Mexican People and their Detractors, a polemical pamphlet that attacked counter-revolutionary writings. Díaz Dufoo accurately charged that González Roa eschewed economies of scale and modern technology and, instead, championed small-scale crafts-style production in Indian villages. Díaz Dufoo depicted this as an antiquated vision which would deny Mexico of its rightful industrial grandeur. Similarly, he attacked a provision of the 1917 Constitution that empowered the state to divide large plots into small holdings. In addition to this specific attack, his assault against indigeneity—that is, the ideological movement of the revolutionary era to return to pre-Hispanic traditions and economies—was consistently implied throughout México y los capitales extranjeros. After all, his modernizing economic vision had no sympathy or use for indigenous production methods or culture. And his heavy criticism of indigenous workers and high praise for workers from Europe and the United States made this implicit attack explicit.

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**Mexican reception of México y los capitales extranjeros**

In the decades after Díaz Dufoo wrote his critique, the legend’s popularity waned significantly. By the 1950s many had rejected it. For example, writer Arnulfo Villaseñor Saavedra’s introduction to a 1952 edition of Mariano Otero’s famous mid-nineteenth-century Ensayo stated that Otero erroneously believed in Mexico’s legendary wealth: Otero “falls into the error, which was widespread during his epoch, of affirming that Mexico was the most prodigious nation in the world.” But “today,” Villaseñor Saavedra opined, “we know that assertion is false.” Luis Encinas, a contemporary of Villaseñor Saavedra, agreed and maintained that people of his own generation conceived of Mexico’s wealth dramatically differently than their predecessors had: “in the past and even until relatively recently our [natural resource] wealth has been considered fantastic, and our territory, for its shape and resources, as a cornucopia of abundance.” But “today there is a strong belief that we are extraordinarily poor.” In 1954 Enrique Beltrán made a similar claim: “In the past it was common to speak of our nation’s immense and everlasting wealth.” But “this naïve perception of our possibilities has suffered tragic modifications.” It appears that after mid-century this dim assessment became conventional wisdom, at least among educated

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44 He held governmental positions under various presidents during the 1910s and 1920s, including diplomatic posts in the United States and Great Britain.
45 Even if Díaz Dufoo did not cite specific pages, it is evident that he leveled much of his criticism against chapter 8 of The Mexican People and their Detractors, which examined Mexico’s industrial potential and advocated small industries as opposed to large-scale enterprises.
46 Díaz Dufoo, 1918, p. 530-535.
47 Ibid., p. 195-204.
51 Diego López Rosado began his popular university textbook Problemas económicos de México by recounting the “erroneous” legend of wealth. His text went through several editions, all of which began by questioning the legend.
Mexicans. In fact, this re-evaluation became so prevalent that some contended that the pendulum had swung too far the other way. Jorge Vivó Escoto, for example, maintained that some had depicted Mexico as a "horn of abundance" but contemporaries portrayed Mexico as "impoverished." Vivó Escoto—asserting that "Mexico is neither a wealthy or poor country"—maintained the truth lay between the two extremes.

How significant a role did Díaz Dufoo's text play in the legend's decline? His critique clearly influenced Daniel Cosío Villegas, one of Mexico's most renowned twentieth century intellectuals, who was noted for his work as an economist, educator, publisher, and social critic. Cosío Villegas attacked the legend in classroom texts, essays, newspaper articles, and scholarly studies. On more than one occasion Cosío Villegas cited Díaz Dufoo to bolster his own critique of the legend. Unquestionably, Díaz Dufoo influenced Cosío Villegas. But Cosío Villegas suggested a broader influence, maintaining that Díaz Dufoo's impact had been widespread: "Díaz Dufoo . . . invented a formula which enjoyed a degree of renown. 'We are,' he used to say, 'naturally rich but economically poor.' By this he meant that we possessed wealth in its natural state, but that to make use of it in an economic way we needed techniques, organization, an enterprising spirit, and capital." Undoubtedly, Cosío Villegas, a member of the revolutionary and post-revolutionary intelligentsia, had reliable "insider's" knowledge which aided him in determining the influence of Díaz Dufoo, a peer from the previous generation. But it is difficult for the historian to make any definitive statements about the extent of Díaz Dufoo's influence. What can be asserted is that Cosío Villegas's commentary—quoted above—summarized the central argument in Díaz Dufoo's text. And it is true that many of the subsequent critiques of the legend repeated these themes. But, as noted in the previous section, Díaz Dufoo was by no means the sole critic, even if he wrote the most extensive commentary.

Writers' purposes in penning attacks of the legend are another avenue to assess Díaz Dufoo's impact. To what extent were critics' aims in concert with Díaz Dufoo's? Critics appear to have sought diverse ends. Some, such as Francisco Bulnes, made attacks that paralleled Díaz Dufoo's. Bulnes' assaulted the legend in order to challenge revolutionists' call for land redistribution. Bulnes maintained that Mexico's land remained unproductive not because it was in too few hands, but rather because of natural obstacles, such as depleted soil and a shortage of water. Thus, Bulnes countered revolutionists' assumption that land redistribution would increase productivity and significantly improve Mexicans' living conditions. Unlike Bulnes, however, other commentators waged their attacks in ways that seemed at odds with aspects of...

52 For a fine biography of Cosío Villegas see Krause, 2001.
53 See, for example, the following by Cosío Villegas: El territorio; "La Riqueza de México"; "La importancia de nuestra agricultura"; and "La riqueza legendaria de México".
54 Cosío Villegas's works (1924, p. 24–25; 1940) credited Díaz Dufoo.
56 For an example of the glowing type of appraisal of Mexican agriculture that Bulnes disagreed with see Cornejo (1919, p. 8).
58 Bulnes charged that revolutionary generals Salvador Alvarado and Álvaro Obregón held the erroneous view that poverty was a consequence of land concentration since Mexico was naturally wealthy. See Los grandes problemas de México (p. 125–131). Although Bulnes did not cite a specific work, perhaps he was familiar with Alvarado's La reconstrucción de México, which emphasized Mexico's natural resource wealth.

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Díaz Dufoo’s agenda and more in keeping with revolutionary ideology. By the 1940s some commentators claimed that a more accurate and pessimistic assessment of Mexico’s natural resource wealth led to a rejection of a dominant nineteenth century assumption: owing to Mexico’s abundant untapped natural resources, all that was needed for increased output was a larger population. This assumption supported racist explanations of Mexico’s limited economic development. According to this popular theme in the literature, Mexico’s underdevelopment stemmed from an inferior labor force. Revolutionists critiqued the legend to counter this denigration of Mexico’s population. José Vasconcelos, Mexico’s Minister of Education and a leading intellectual throughout Latin America, for example, explicitly stated that not inferior workers, but rather a comparative disadvantage in natural resources, accounted for Mexico’s economic woes.  

Absolving Mexican workers of this charge provided support for an aspect of Vasconcelos’ revolutionary nationalist ideology: a celebration of the Latin “cosmic race,” which was superior to Anglos. While Díaz Dufoo would be the first to admit that labor was not the only problem that plagued Mexico, he held Europeans in esteem and denigrated Mexicans, especially Indians. Finally, in the 1940s and 1950s ecologists, countering the idea of the “legendary horn of abundance . . . so abundant [that] we can never deplete it,” debunked the legend from an entirely different perspective for distinct political ends: to promote conservation of Mexico’s natural resources.  

Exploring the broader issue of the extent to which the ideological visions of the legend’s critics were in agreement with Díaz Dufoo’s broaches the theme of the overall impact of his work. How was his promotion of an economically modern Mexico and his plea to tone down nationalism and create a more conducive climate for foreign capital received in revolutionary Mexico? With much hostility. After all, Díaz Dufoo was essentially calling for a return to Porfirián policies—what is, what revolutionists considered the principles of the “ancient regime.” The 1917 Constitution enshrined revolutionary tenets at odds with Díaz Dufoo’s program. Foreign interests—especially U.S. oil companies—feared expropriation and the U.S. government refused to grant diplomatic recognition to the revolutionary government. The Mexican government’s nationalist stance clashed with Díaz Dufoo’s call for strengthening private property rights and his plea for foreign-capital financed development. And his promotion of U.S. capital investment defied anti-Americanism, a strong revolutionary sentiment owing to American invasions of Mexico in 1914 and 1916. Not only the content of his work, but also the fact that he had been a member of the old científico Porfirián camarilla put him at odds with nationalist revolutionaries. Revolutionists demonized científicos to such an extent that during the Revolution the term came to refer to all collaborators with the Díaz regime. This broadened an earlier definition of the label, for during the last two decades of Porfirio Díaz’s reign it referred specifically to a small fraction of the political elite that wielded considerable influence in national politics. Revolutionists branded científicos traitors,  

And his promotion of U.S. capital investment defied anti-Americanism, a strong revolutionary sentiment  

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60 Vasconcelos developed this idea at greatest length in Aspects of Mexican Civilization, p. 3-41. For other instances when he made this argument see his works Breve historia de México, p. 201-206; and Bolivarismo y Monroismo, 52-54.  
asserting that the Porfirián camarilla had sold out the nation to foreign interests prior to the 1910 Revolution. Given Díaz Dufoo’s “científico” label and his strident attack on the conventional wisdom of the Revolutionary era, it is unsurprising that he feared that the government would prohibit publication of México y los capitales extranjeros.62

Obviously, his fears proved unfounded. But even if his book was not forbidden, it was harshly attacked in the press, especially by Fernando González Roa, who charged that Díaz Dufoo’s work worshipped “industrialism” as Mexico’s “salvation” and also championed “protecting capitalism.” González Roa maintained Díaz Dufoo’s “thesis” was a “grave error” that needed to be countered so it would not “wrongly sway public opinion.”63 González Roa extensively attacked México y los capitales extranjeros, for he published his critique as a series of about 25 lengthy newspaper articles which appeared in El Económate.64 The first article attacked Díaz Dufoo’s text, and González Roa put forth his contrasting vision in his following commentaries. Diario Official reprinted the entire series.65 Ironically, according to Díaz Dufoo, González Roa’s attack brought his book much publicity, for the headline on the long series of newspaper articles in which González Roa put forth his counter-position featured Díaz Dufoo’s name.66 González Roa’s newspaper articles were republished as a book entitled El aspecto agrario de la revolución mexicana.

González Roa’s vision for Mexico’s future countered México y los capitales extranjeros. González Roa strongly asserted that Mexico’s central problem was land concentration, which, the revolutionist maintained, had increased significantly during the Porfiriato. González Roa charged that national and foreign capitalists monopolized land in Porfirián Mexico. His analysis of Mexico’s problems directly challenged Díaz Dufoo’s position. González Roa made this confrontation even more explicit in The Mexican People and their Detractors, the 1916 work that Díaz Dufoo attacked in México y los capitales extranjeros. González Roa dedicated a chapter of The Mexican People to refuting what he termed the conservative position that “climate and topography are unsurmountable barriers to progress and civilization in Mexico.”67 He concluded the chapter by citing a counter-example that undermined the conservative position: “Switzerland is a fine example of an extremely mountainous topography, and yet possessing a people highly cultured and free.”68 This assertion served to support González Roa’s claim that politics, not nature, were the source of Mexico’s problems. He developed this position at length in El aspecto agrario de la revolución mexicana.

He strongly advocated land redistribution, which would create a nation of small and medium sized holders, to address

62 He expressed this fear in the introduction to the second edition of the text, which was published in 1941 with an updated title: Comunismo contra capitalismo.
63 González Roa, 1918, p. 679-85.
64 The El Económate series began in October 1918 and continued over a period of months.
65 The Diario Official reprints appeared from November 1918 through December 1919 (In 1918: Nov. 9, 16, 23, 30; and Dec. 7. In 1919: Jan. 18, 25; March 8, 18, 22, 27, 29; April 21, 25, 28; May 3, 7, 9, 17; Oct. 21; Nov. 1, 4, 15, 24; and Dec. 2, 11, 15).
66 Díaz Dufoo’s claim that the first edition quickly sold out lent support to his assertion that González Roa inadvertently popularized his book. See Díaz Dufoo (1941, p. 5-7). Each of González Roa’s articles stated “A proposito de la obra del señor Don Carlos Díaz Dufoo” in the headline.
67 González Roa, 1916, p. 61. González Roa’s argument on the environment was based on chapter 3 of El problema rural de México, a book he co-authored with José Covarrubias. González Roa wrote The Mexican People specifically to refute Bulne’s The Whole Truth about Mexico.
the problem. He acclaimed article 27 of the Constitution as a means to realize this end, for not only did it increase the state’s power via foreign capital, but also empowered the nation to divide up large properties owned by Mexicans and foreigners. González Roa’s prescription for Mexico’s future, then, contrasted sharply with Díaz Dufoo’s. The latter sought to strengthen the power of capital while the former sought to severely restrict its influence. Díaz Dufoo embraced economies of scale and grounded Mexico’s problems in the natural environment whereas González Roa championed small scale production and conceived politics as the source of Mexico’s troubles. During the 1920s many revolutionists shared González Roa’s assumption that land redistribution would solve Mexico’s economic and social problems.69

If the cultural values of the revolutionary era of the 1910s and 1920s bode poorly for a positive reception of Díaz Dufoo’s text, prospects became even dimmer in the 1930s, especially during the Cárdenas Presidency (1934–1940). Mexican nationalism and agrarianism reached their highpoints during his administration. Cárdenas’s 1938 expropriation of foreign interests and nationalization of the oil industry was arguably the most notable single event in twentieth-century Mexico. And Cárdenas presided over the most extensive land redistribution in Mexican history, allocating more ejidos (communal lands) to peasants than all the previous revolutionary leaders combined; some of these lands had fertile soil and belonged to large land holders. Finally, Cárdenas staunchly supported workers in their disputes with owners over wages and other issues. During Cárdenas’ presidency, then, Mexico experienced changes in keeping with González Roa’s prescriptions, which diagnosed the nation’s economic problems as a consequence of inequitable distribution. Under Cárdenas wealth was redistributed. Workers and peasants benefited at the expense of powerful national and foreign industrial and agrarian interests.

Cárdenas’ assault on capital was anti-theitical to Díaz Dufoo’s vision for Mexico. Thus it is unsurprising that Díaz Dufoo waited until 1941, after Cárdenas left office, to publish a second edition of México y los capitales extranjeros. He justified the publication of a second edition, in part, on his observation that Mexican revolutionary ideology was declining and ideas in keeping with his own vision were ascending: “recently there has been a shift away from ideas that have prevailed for more than twenty years and there are significant people—upon whom Mexico’s future rests—who . . . realize the importance of attracting foreign capital.” Díaz Dufoo offered his work to aid this “patriotic thought” and provide guidance for “national reconstruction.”70

Even if some chapters were identical, Díaz Dufoo significantly revised the second edition. In essence, he updated his thesis by placing it in the context of the changes wrought by the revolution. The first edition highlighted a critique of Mexico’s legend of wealth as a warning about what the emerging revolutionary regime should not do: alienate capital and implement articles 27 and 123 of the 1917 Constitution. The second edition complained about the failures that had occurred owing to implementing a revolutionary program, especially during the Cárdenas administration, a presidency to

70 Díaz Dufoo, 1941, p. 7. Alan Knight dates a conservative shift in Mexican ideology back to 1938, the end of the Cárdenas administration. See Knight (1987).
which Díaz Dufoo dedicated a large section of the book. The revised title, Comunismo contra capitalismo, reflected the author's attempt to place the book in a new context. Russian communism posed a threat to capitalism. And Mexico's revolutionary government—especially under Cárdenas—had similarities to communist Russia. Díaz Dufoo charged that communist policies applied to Russia's agrarian and industrial sectors had been a total failure, resulting in "misery" and "hunger."71 He maintained that Cárdenas' policies, similarly, had had disastrous consequences. Díaz Dufoo contended that Cárdenas' agrarianism had "destroyed the great wealth that capital had created in the cotton regions of La Laguna and the henequen zones of Yucatán." The creation of collective ejidos, Díaz Dufoo contended, had discouraged investment in the agricultural sector.72 Similarly, Cárdenas' pro-worker stance and policies vis-à-vis capital—in the forms of increased wages, reduced hours, and increased worker control over the workplace—resulted in economic disaster for Mexico. He especially attacked increased strike activity. He demonstrated the failure of policies that increased workers' power by arguing that Cárdenas, like Lenin before him, was ultimately forced to use the power of the state to clamp down, in the name of productivity, on worker dissent.73

Díaz Dufoo died in 1941, the year the second edition of his book appeared in print. Had he lived longer undoubtedly he would have been pleased with the way Mexico's economy evolved, for many of his prescriptions were followed during the period of the so-called "Mexican Miracle," an epoch that roughly started during World War II and terminated at the end of the 1960s. In this period Mexico attained consistently high economic growth rates. In keeping with Díaz Dufoo's prescriptions, ideology during the "Mexican Miracle" stressed capital, technology, industry, and productivity. The "green revolution" exemplified all aspects of this new emphasis. Rejecting redistribution, this agricultural "revolution" sought to increase production via technological modernization funded with heavy doses of capital investment. A significant expansion of Mexican manufacturing industry was arguably the most salient feature of the "Miracle," a development in keeping with Díaz Dufoo's earlier call for Mexico to break with the international division of labor. During this epoch when modernity and industrial grandeur became synonymous, a manufacturing economy became integral to Mexican national identity. Successful industrialization meant Mexico was finally taking its rightful place among the advanced nations.

Dissenters—who championed the social, economic and cultural values of the preceding revolutionary decades—attacked the new orthodoxy associated with the "Miracle."74 In 1939, at the onset of the "Miracle," Cosío Villegas' critique of Díaz Dufoo was a kind of a forewarning against the new mentality. As noted above, Cosío Villegas agreed with, and even praised Díaz Dufoo's somber account of Mexico's natural resource wealth. But Cosío Villegas stated that Díaz Dufoo was too optimistic about the power of capital to generate wealth. For Cosío Villegas, the limits imposed by nature could not be

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71 Díaz Dufoo 1941, p. 342.
72 Ibid., p. 374.
73 Ibid., p. 373.
74 For a significant journalistic critique see Cosío Villegas (1947). For a literary critique see Fuentes (1962). For a secondary study that explores revolutionists' discontent with the changing direction of the Mexican Revolution in the post-1940 era see Krauze (1997).
overcome by the volition of man. He, for example, maintained that Mexico’s lack of coal would hamper industrialization. By questioning imported technology’s ability to successfully adapt to local conditions, he also raised doubts about technology transfer, which was yet another way to challenge Díaz Dufoo’s depiction of almighty capital. Based largely on the nation’s limited natural resources, Cosío Villegas had much more modest predictions for Mexico’s economic future.\(^75\) Despite the fact that he challenged new dogma, his article was not attacked.

In 1950 U.S. scholar Frank Tannenbaum took Cosío Villegas’s critique a step further.\(^76\) Like Cosío Villegas, Tannenbaum maintained that Mexico’s natural resources were extremely limited. He backed this assertion with an in-depth description of Mexico’s natural environment.\(^77\) Also in keeping with Cosío Villegas, he did not conceive of technology as a tool that could free Mexico from the limitations posed by Mother Nature. He poetically stated: “Man in Mexico, for all his works, is but a puny creature hidden in some inaccessible gully, scratching at the earth with his wooden stick or iron hoe.”\(^78\) His forecast of Mexico’s economic future was more modest than Cosío Villegas’s, however. In direct opposition to the “Miracle’s” tenets, Tannenbaum proclaimed Mexico needed to adopt “a philosophy of little things.”\(^79\) Expounding on this perspective, Tannenbaum maintained that Mexico’s economic future lay in indigenous economic traditions: a small-scale agricultural and crafts economy, with production mostly for auto-consumption. Hence Tannenbaum countered the dogma of his era: large scale-manufacturing and capital-intensive agriculture.\(^80\) If Tannenbaum’s vision countered the model embraced by Díaz Dufoo and the “Miracle,” it resonated with González Roa’s ideas.

Mexican reception of Tannenbaum’s work departed significantly from the silence that surrounded Cosío Villegas’s article, for many scathing critiques were written that chastised his book. In fact, an entire issue of the economic journal Problemas agrícolas e industriales de México critiqued his book from a pro-industrial perspective.\(^81\) Pablo González’s critique, for example, charged that Tannenbaum’s strategy was akin to European theories of “free trade” that supported European industrial exports to America.\(^82\) Similarly, Guillermo Noriega complained that Mexico would be reduced to a dependency of the industrial nations.\(^83\) Expressing a similar pro-industrial sentiment, Eli de Gortari stated that Tannenbaum’s plan would make Mexico “inferior” and the United States “superior.” Further demonstrating this bias towards Mexican industrialization, Gortari and González both praised Sanford Mosk’s The Industrial Revolution in Mexico, a book that strongly advocated Mexican industrialization and had been recently featured in Problemas agrícolas e industriales de México.\(^84\) One can only speculate about why Tannenbaum’s book provoked such a strong reaction and Cosío Villegas’s article did not. Even if Tannenbaum was an established long-time friend

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75 Cosío Villegas, 1940.
76 Tannenbaum, 1950.
77 Ibid., chaps. 11, 12, and 13.
78 Ibid., p. 8.
79 Ibid., p. 243, italics in original.
80 He harshly criticized Mexican manufacturing, contending it created industrial elite and burdened the majority with overpriced low quality goods.
81 Problemas agrícolas e industriales de México, 1951. This issue consisted of a Spanish translation of Tannenbaum’s work as well as lengthy critiques of his text by many Mexican scholars.
82 González, 1951.
83 Noriega, 1951.
of Mexico, he was still a foreigner, which might have been a factor that accounted for the loud and critical response to his work. But three other issues which centered on the distinct nature and timing of his critique were perhaps more important. First, Tannenbaum’s critique (a full monograph) was much more developed than Cosío Villegas’s. Second, Tannenbaum’s challenge to accepted dogma was more radical than Cosío Villegas’s. (Indeed, even Cosío Villegas, who defended Tannenbaum’s work, admitted that it perhaps underestimated Mexico’s economic potential.) Finally, Tannenbaum’s work came out a decade after Cosío Villegas’s. Perhaps by 1950 the Mexican elite, enamored with their own economic grandeur after a decade of impressive economic growth, would not tolerate a naysayer. In about three decades the ideological tables had turned completely. In 1918 Díaz Dufoo had been chastised for his grand modernizing anti-indigenous economic vision. But by 1950 certain aspects of Díaz Dufoo’s vision had become hegemonic and the small-scale Indianist position had been marginalized.

Conclusions

Carlos Díaz Dufoo’s 1918 work, México y los capitales extranjeros, was the first comprehensive critique of Mexico’s legendary wealth, a colonial-era narrative that conceived of Mexico as immensely prosperous owing to its rich and abundant natural resources, which had been popularized by Humboldt’s independence-era Ensayo político. Rather than a consequence of more complete or perfect knowledge about Mexico’s extant natural resources, Díaz Dufoo’s critique was largely the product of distinct economic sensibilities that emerged during the second half of the nineteenth century, an epoch marked by economies of scale, mass production, unprecedented levels of capital investment, and ballooning global trade. In the legend God’s creation, that is, Mother Nature was the source of Mexico’s grandeur. But Díaz Dufoo maintained that Mother Nature was deficient. Instead, he placed his faith in man, who could overcome the obstacles posed by nature and generate wealth via modern technologies, which were financed with heavy doses of foreign capital. Not only was his concept of what created wealth a departure from earlier analyses, but also his notion of what constituted riches. Veering from a physiocratic agrarian idea associated with Humboldt and the legend, Díaz Dufoo’s conception of wealth stressed processed industrial products. Despite these distinctions, his economic vision was in keeping with the legend in that he, too, envisioned a Mexico of economic greatness, albeit of a different type. Thus, while he challenged the legend he did not undermine the idea of Mexico’s economic magnitude, which was associated with it.

Díaz Dufoo published his attack on the legend during the Revolutionary turmoil of the 1910s for distinct ideological and political ends: to stem the tide of optimistic economic nationalism. This Revolutionarily optimism, which was grounded in the Humboldtian legend of Mexico’s vast natural resource wealth, provided political explanations for Mexico’s economic problems. Díaz Dufoo countered Revolutionists’ political argument with a geographic explanation for Mexico’s economic dilemmas. How influential was his critique? His heretical 1918 claim that the legend was

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85 Cosío Villegas, 1951.
an illusion became conventional wisdom by the 1950s, and Díaz Dufoo’s work undoubtedly played a role in the emergence of this more critical attitude about Mexico’s natural resource wealth, although many critics waged their attacks on the legend for political ends that were antithetical to Díaz Dufoo’s modernist-cosmopolitan vision. Similarly, the broader political and cultural influence of his text seemed to increase over time. The authority of his work was quite limited from the 1910s through the 1930s, when powerful nationalist cultural values were especially at odds with Díaz Dufoo’s transnational prescriptions for Mexican development. During the epoch of the “Mexican Miracle,” however, his influence perhaps increased, for ruling ideology became more similar to his philosophy. Hence this Porfirista, whose nineteenth century ideals faced stiff opposition during the radical 1910s-1930s era, was a precursor to mid-twentieth-century Mexican economic culture.

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