

MEXICAN OIL AND UNITED STATES POLICY

MEXICO AND THE UNITED STATES IN THE OIL CONTROVERSY, 1917–1942. By LORENZO MEYER. Translated by MURIEL VASCONCELLOS. (Austin: University of Texas Press, 1977. Pp. 367. \$19.95.)

DIPLOMACY AND REVOLUTION: U.S.-MEXICAN RELATIONS UNDER WILSON AND CARRANZA. By MARK T. GILDERHUS. (Tucson: University of Arizona Press, 1977. Pp. 159. \$4.25.)

It is hardly surprising that, as the Shah of Iran settles into exile, President Carter is taking Spanish lessons. A recent policy paper (Presidential Review Memorandum 41, December 1978) begins with the assertion that oil-rich Mexico is becoming “an economic power of strategic value to the United States” and stresses the importance of maintaining “a stable, humane, and cooperative Mexico.”¹ Although some analysts calculate that Mexico’s reputedly huge reserves of oil could lessen America’s reliance upon the Middle East and OPEC, others, of course, caution that Mexico’s resources will not necessarily provide a quick fix for America’s energy dependence. The latter group quite rightly cites historical experience in order to dampen excessive zeal for telling Mexico when and how to use its oil. In the midst of this current debate, it is fortuitous to have two new book-length contributions to the historical literature.

Lorenzo Meyer’s *Mexico and the United States in the Oil Controversy, 1917–1942* first appeared in Spanish ten years ago. It has now, however, been revised and ably translated into English by Muriel Vasconcellos. The book is a standard work on United States-Mexican relations, and it fully deserves the wider audience that an English translation will guarantee. Meyer’s analysis of the complexities of oil diplomacy is especially important because it examines the Mexican side of the controversy much more thoroughly than most earlier studies. Meyer traces the dispute over Mexican oil from the beginnings of revolutionary disorders; through the wartime controversy between Carranza and Wilson, the oil companies’ hopes for armed intervention in Mexico, the Bucareli agreements, the crisis engendered by Calles’s oil law; and up to the expropriation of 1938 and the final settlement of compensation in 1942. Throughout these years, Mexico’s administrations struggled to implement a policy of independent economic nationalism, a policy in which Mexico’s internal needs, rather than international market forces, shaped the development of its oil.

For twenty-five years, Mexico’s aspirations encountered opposition from American oil companies and from the United States government. Meyer writes that, most of the time, the oil companies had the “total and unconditional support of the State Department,” and that “Mexico’s government labored under the shadow of possible United States intervention, either direct or

through support of a counterrevolutionary movement." Under Franklin D. Roosevelt, Americans gradually acquiesced to Mexican control, Meyer implies, less because of growing respect for Mexican economic self-determination than because of the priority given to hemispheric solidarity during World War II. And, in any event, discoveries of oil in Venezuela and elsewhere had rapidly diminished America's strategic and economic stake in Mexico. The bands of dependence, once secured around Mexico's oil, took a quarter-century to sever, and even then, nationalization of oil only opened "a new stage in [Mexico's] dependent development."

Meyer's discussion is not confined to governmental policy. He notes the broad range of tactics that oil companies adopted to forestall nationalization: private propaganda campaigns in the United States and in Mexico, appeals to sympathetic congressmen (notably during the investigation conducted by Senator Albert B. Fall), direct private negotiations with the Mexican government (especially the Garfield-Rhoades talks in 1918 and the Richberg negotiations in 1939), lobbying in the State Department, and support of potentially cooperative rebel factions (for example, a variety of Cardenas' opponents in 1939). Thus, Meyer's study shows that oil companies themselves were important actors in the diplomatic scene and that the activities of these private Americans, not just policies of the United States government, affected Mexico's perceptions and reactions.²

Meyer's analysis, however, suffers from a lack of clarity in separating public and private policies. Relations between the United States government and American-based oil companies could, in themselves, become nearly as complex as relations between the two countries. Certainly an assertion that Wilson "unconditionally" followed the lead of the oil companies would have astonished representatives of the oil industry. For most businessmen, Wilson's Mexican policy became (and in some circles remains) the very symbol of a "weak-kneed" government pursuing a "fuzzy-headed" policy against the nation's "real" material interests. Similarly, Meyer's implication that subsequent Republican administrations often expressed the oil companies' views has not stood up to careful research³ (Meyer's bibliography contains only one book after 1970.) American governments did have strong, economic motivations, but policymakers' perceptions of economic interest and the oil companies' views did not always follow the same path. Sometimes their courses did meet; but sometimes they ran parallel; and sometimes they veered in opposite directions. Meyer, to his credit, does often detail countervailing, pro-accommodationist forces acting upon the United States government. He notes, for example, that unconditional recognition of Obregon in 1921 was championed (against oil companies' pressure) by petitions from eight state legislatures, the AF of L, and William Randolph Hearst's newspaper chain—once an unrelenting advocate of intervention. And, he writes, in 1939, the world situation impelled the United States government to conciliate Mexico contrary to its "usual" identification with the companies' position. Yet there is no systematic or consistent development of the "diplomacy" between American governmental policymakers and oil men. The book, then,

accentuates the importance of understanding the oil companies' recipes for Mexico, but too often implies that government "normally" dished them out.

The interaction between American financiers and American oil companies provides yet a deeper layer of oil diplomacy. Again, Meyer recognizes the importance of bankers but addresses their role only sporadically. One cannot follow a clear thread of financial negotiations (public or private) over the long course of the oil dispute. Meyer writes that new research for his second edition showed that United States economic pressure against Cardenas in 1938 "was in fact more severe than we had originally been able to determine." But his new version may now be overstated. And he certainly underestimates the use of economic pressure during the World War I period. Readers will want to consult Smith's and Kane's work for a fuller examination of the role of bankers and economic pressure.

The problem of the diplomatic role of private interests is, to be sure, more easily raised than researched. Most private maneuvering probably leaves few records or vaguely surfaces in official archives as "rumor," leaving the historian in a quandary. Yet if businessmen's conspiracies against vulnerable governments have been too glibly asserted by some historians, they have also been too readily dismissed by those who allow easily available documents to provide both the framework and substance of historical reality. One may suspect that Mexican presidents and presidential aspirants spent as much time assessing policies of oil men and financiers as the plans of governmental officials. Historians still need to investigate seriously what kinds of plots economic interest groups really hatched and what sorts of official or unofficial collusion may have existed at different levels of governmental responsibility. For a slightly earlier period, Friedrich Katz's recent article provides some fascinating beginnings in this direction.⁴

It may be that the attitudes and the dealings of American businessmen could be more effectively followed in British archives than in American or Mexican ones. At least during the Carranza administration, British intelligence had little doubt that American entrepreneurs were trying to pick, and to create, the winners in the Mexican political game. Always suspicious that the United States government might seek to shut out British influence by joining in some American business-backed strategy, British officials tried to follow all American diplomacy and intrigue, both public and private. The exceedingly rich, but underutilized, Foreign Office records may provide avenues for future research.⁵

The actual role of Great Britain is another undeveloped theme. Meyer mentions the British presence just enough to raise the reader's interest but not enough to cut through the confusion his suggestions engender. He recognizes that, after Huerta's fall, the British government took care to follow America's lead on major policies, but this assertion does little to clarify *oil* diplomacy unless it can be assumed that each government carried out the positions of its companies (an assumption as unwarranted for British foreign policy as for American). Meyer claims that British oil companies maintained solidarity with American firms during the Carranza presidency, yet this was decidedly not the case. In

fact, while the Doheny interests tried to undermine Carranza's government, Britain's oil magnate, Lord Cowdray, proclaimed Doheny "untrustworthy" and extended Carranza a cash settlement that probably helped his financially pressed regime to hold out against the Americans. In Meyer's study, Lord Cowdray and *El Aguila* oil pop in and out, but neither the policies of the British government nor of the oil companies emerge to form any consistent pattern. Given Britain's great power and stake in Mexico, one must feel that examining America's and Mexico's roles in the oil controversy is like describing only two sides of a triangle: the position and inclination of the two sides cannot be exactly ascertained unless the third side's position reveals all the angles.⁶

Even though Meyer might have taken greater notice of perspectives raised by new scholarship of the past decade, his revised work remains a singularly important book. Its historical contributions—detailing the oil controversy while presenting a brief for neither the United States nor Mexico—far overshadows its omissions.

In a more narrowly focused and more recently published study of United States-Mexican relations, one might expect that some of the issues left fuzzy in Meyer's work would be examined in greater depth. It is somewhat disappointing, then, that Mark T. Gilderhus's *Diplomacy and Revolution: U.S.-Mexican Relations under Wilson and Carranza* contains so little new information on the critical roles of oil companies, bankers, and private conspiracies financed from the United States. If Gilderhus's book contains few startling new insights, it is nevertheless extremely valuable for the way in which it skillfully synthesizes the large amount of secondary literature on Wilson and Carranza. Scholars of inter-American affairs will appreciate having the story of United States-Mexican relations during World War I compressed into one brief volume, and may find that this paperback's readability makes it a strong candidate for classroom use.

Supplementing his account with research from Mexican archives, Gilderhus primarily traces the course of United States policy: opposition to Huerta; reluctant support for Carranza in view of Huerta's machinations and Villa's raid; frustration at Carranza's opposition to the Pershing expedition and at his support for the Constitution of 1917; the extension of *de jure* recognition on the eve of entry into World War I; wartime tensions over German influences, border problems, private conspiracies on both sides, and oil; and interventionist pressures at the end of the war.

Gilderhus endorses N. Gordon Levin's general view of Wilson's foreign policy and develops the specific contradictions that surfaced in the president's stance toward Mexico. Wilson was caught between his desire to spread liberal-capitalistic forms and his belief in self-determination; he tried to pursue material self-interest along with liberal ideas. Although Carranza was certainly no Mexican Lenin on domestic issues, as Gilderhus correctly notes, his independent foreign policy did represent a radical challenge to the United States. Wilson's faiths would break over the rock of Carranza's nationalism. During World War I, Wilson experienced a "growing consciousness of the divergence between liberal capitalism and self-determination. . . . Ideological imperatives no longer ran

parallel with economic interests." Yet Wilson refused intervention—a course made nearly impossible because of the war. In the end, writes Gilderhus, "the defense of concrete interests became ever more important" to Wilson, but his intellectual tangles entrapped and, to some extent, immobilized him.

There can be few objections to such a thesis (though I question the extent to which Wilson actually felt immobilized by contradictions in Mexican policy). The difficulties of reconciling "idealism" with material "self-interest" have always formed the interpretive bedrock of Wilsonian scholarship, and Gilderhus has elaborated upon these standard interpretive categories, using more recent nuances borrowed from Levin. But if Gilderhus wants to argue (correctly, I believe) that Wilson gradually veered in the direction of supporting material interests, one would expect that documentation should come from the most "material" decimal file in the State Department's archives—the "600 file" dealing with commercial relations between the United States and Mexico. Oddly, nothing from this file appears in Gilderhus's notes. Thus, the financial and commercial relations, which were intricately interwoven with nearly all other diplomatic questions, almost never appear in *Diplomacy and Revolution*. Robert F. Smith's book and articles remain the best sources on these subjects.

Still, Gilderhus's book offers some important new insights, especially on the immediate importance and the wider implications of border problems. Incidents along the border often lay outside the control of either Mexico or the United States, yet both governments were obliged to respond to them and, to some extent at least, to shape policy in accordance with the domestic pressures produced by border violence. The various intrigues along the border provide another example of the essentially "private" foreign relations that are often underestimated because they have been under-studied. Here, Gilderhus does a good job. From his analysis, one gets a fine sense of border tensions and factional ferment. *Diplomacy and Revolution* also offers succinct, authoritative, and up-to-date interpretations of most of the major historical controversies in United States-Mexican relations during World War I. Accounts of the Pershing expedition and the Zimmermann telegram, for example, are interesting and useful.

Despite their shortcomings, the studies by Meyer and Gilderhus are welcome and timely additions to the literature. Both authors clearly show that during and immediately after World War I, when the United States believed that its energy future was closely tied to Mexican reserves, Mexican theorists and politicians endorsed the concept of nationally directed oil development. They did this despite formidable international threats and with the knowledge that, by scaring away new investment in oil, they were depriving Mexico of a lucrative export. The past director of PEMEX, Antonio J. Bermúdez in *La política petrolera mexicana* (1976) continues to endorse such a policy of delaying full development of reserves to preserve Mexico's oil for its own expanding industrial needs. Because of its past nationalism, Bermúdez writes, Mexico could continue to enjoy relatively cheap energy as prices soar elsewhere; Mexico could be one of the few nations whose production would equal its consumption into the twenty-first century.⁷

The debate between exponents of nationalist restriction and advocates of international liberalism—the debate that both of these books center upon—promises to remain a central battle for the years to come, within governments as well as between them.

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NOTES

1. *Washington Post*, 15 Dec. 1978.
2. Meyer developed this theme at greater length in his *Los grupos de presión extranjeros en el México revolucionario, 1910–1940* (México, 1973).
3. See, for example, Kenneth Grieb, *The Latin American Policy of Warren G. Harding* (Fort Worth, 1976); Robert F. Smith, *The United States and Revolutionary Nationalism in Mexico, 1916–1932* (Chicago, 1972); Joseph Tulchin, *Aftermath of War* (N.Y., 1971). Also see N. Stephen Kane, "American Businessmen and Foreign Policy: The Recognition of Mexico, 1920–1923," *Political Science Quarterly* 90 (Summer 1975): 293–313; "Corporate Power and Foreign Policy: Efforts of American Oil Companies to Influence United States Relations with Mexico, 1920–1928," *Diplomatic History* 1 (Spring 1977): 170–98; and "Bankers and Diplomats: The Diplomacy of the Dollar in Mexico, 1921–1924," *Business History Review* 43 (Autumn 1973): 335–52.
4. Friedrich Katz, "Pancho Villa and the Attack on Columbus, New Mexico," *American Historical Review* 83 (Feb. 1978): 101–30.
5. See Emily S. Rosenberg, "Economic Pressures in Anglo-American Diplomacy in Mexico, 1917–1918," *Interamerican Studies and World Affairs* 17 (May 1975): 123–52.
6. Meyer's account may profitably be supplemented by Peter Calvert, *The Mexican Revolution, 1910–1914: The Diplomacy of Anglo-American Conflict* (Cambridge, 1968); Jorge Basurto, *El conflicto internacional en torno al petróleo de México* (México, 1976); and Ray Gerhardt, "Inglaterra y el petróleo mexicano durante la primera guerra mundial," *Historia Mexicana* 25 (jul.–sept. 1975): 118–42.
7. Antonio J. Bermúdez, *La política petrolera mexicana* (México, 1976).