

Railroad, Oil and Other Foreign Interests in the Mexican Revolution, 1911–1914

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Abstract. A polarisation of foreign railroad, oil and other business interests in Mexico occurred during the early years of the Mexican Revolution. Some of the American interests resented Porfirio Díaz's favouritism towards Europe and supported Francisco Madero for a change, and later, Venustiano Carranza. There is evidence of limited logistical support by the US government in May 1911 for the Madero revolution, and of financial support by US railroad and oil magnate Henry Clay Pierce. The overthrow of President Madero at the instigation of General Victoriano Huerta and General Félix Díaz, with the tacit support of British railroad and oil magnate Weetman Pearson, had very strong repercussions through President Huerta's subsequent alliance with British interests in Mexico. The US military superpower intervention in Veracruz of April 1914 was the action involving US business lobbying which had the greatest impact on the outcome of the Mexican Revolution, in favour of Carranza.

Of the total US investments in Mexico in 1911 railroads represented \$644,300,000, or 61.7 per cent. Mining represented \$249,500,000, or 23.9 per cent of the total. Oil, the strategic value of which magnified its importance in US foreign policy toward Mexico, represented only \$15,000,000, or 1.4 per cent of the total.¹ One man, Henry Clay Pierce, had a preponderant interest in both railroads and oil in Mexico. The National Railways of Mexico comprised approximately 6,987 miles, or about 55 per cent of the total mileage of railways in operation in Mexico in 1909.² It had been established in 1908 by Porfirio Díaz as a company owned by the Mexican government, and the principal bondholders continued to be the same as the former private owners, including the multi-millionaire Henry Clay Pierce. In 1914 Pierce owned \$115,049,000 of bonds of the National Railways of Mexico of a total of \$230,000,000 of bonds.³ A member of Standard Oil who knew Pierce characterised him

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¹ Gene Z. Hanrahan, *The Bad Yankee—El Peligro Yankee. American Entrepreneurs and Financiers in Mexico*, vol. 2 (Chapel Hill, NC, 1985), p. D-393.

² Edgar Turlington, *Mexico and Her Foreign Creditors* (New York, 1930), p. 239.

³ *New York Times*, 6 Sept. 1914, p. 3. This amount of bonds held by Pierce is credible because, in 1907, the Mexican Central Railroad, controlled by Pierce, had been worth \$138,500,000. The Mexican Central was fully incorporated into the National Railways of Mexico in 1908, for

thus: ‘He was a brilliant man ... There was no equal to him. He wouldn’t play ball with a crowd, and he liked to pull fast ones. He wouldn’t do a thing straight if it could be done crooked. He was cordial and polite enough, but when he got into a jam with people, he became nasty. Then they knew they were fighting a Tartar. He was the meanest fighter you ever saw.’⁴

Until 1911, when the Standard Oil monopoly was dissolved by the US Supreme Court, Henry Clay Pierce’s Waters-Pierce Oil Co. had been a subsidiary of Standard Oil, dominated by Rockefeller and Aldrich money. Pierce was fined \$1,623,900 in 1908 for breaking the anti-trust laws in Texas; his Waters-Pierce Oil Co. and Standard Oil were fined \$50,000 in Missouri and forced to break up their monopoly there.⁵

Pierce, Rockefeller and Aldrich formed an alliance in 1911 and wooed the Madero revolutionary camp. According to Edward I. Bell, there was competition for control of the Mexican situation by Pierce/Rockefeller/Aldrich on the one side and by Weetman Pearson/the Speyers/the Guggenheims,⁶ who supported Porfirio Díaz, on the other side. The rivalry between the Mexican Central Railroad owned by Pierce, and the National Railroad, controlled by the Speyers of New York and London before the incorporation of these two lines in the National Railways of Mexico in 1908, has been documented.⁷ Secretary of Hacienda Limantour convinced President Díaz to nationalise and consolidate both major railroad companies in 1908, but the effort to strip Pierce of his power was only partially successful.⁸

Competing financial groups jockeyed for control of the board of directors of the National Railways of Mexico between 1908 and 1914 and Henry Clay Pierce, who had been guaranteed the appointment of six of the nine New York Directors in 1908, lost ground until he and his men were finally removed by October 1913.⁹ There were three principal objectives in this competition: 1) the

which Pierce received bonds. Arturo Grunstein, ‘Railroads and Sovereignty: Policymaking in Porfirian Mexico’, UCLA PhD diss. 1994, p. 216.

⁴ Allan Nevins, *John D. Rockefeller: The Heroic Age of American Enterprise* (New York, 1940), vol. 1, p. 659.

⁵ *St. Louis Post-Dispatch*, Sunday Magazine, 21 April 1912, pp. 1–2; *St. Louis Globe Democrat*, 28 June 1927, pp. 1, 6.

⁶ Edward I. Bell, ‘The Truth about Mexico. The Battle of Dollars Beginning,’ undated clipping, Woodrow Wilson Papers, Library of Congress, Reel 212, Case 95.

⁷ Grunstein, *Railroads and Sovereignty*, pp. 126–36.

⁸ Arturo Grunstein, ‘¿Competencia o monopolio? Regulación y desarrollo ferrocarrilero en México, 1885–1911,’ in Sandra Kuntz Ficker and Paolo Riguzzi (eds.), *Ferrocarriles y vida económica en México (1850–1950)* (Xochimilco, 1996), pp. 199–200.

⁹ *El Independiente* (Mexico City), 14 July 1914, p. 1. According to Arturo Grunstein in 1908, as the second largest bondholder, ‘Pierce was elected chairman of the New York board [of the National Railways of Mexico], dominated by Waters-Pierce people and prominent N.Y. investment bankers led by James Speyer and Ernst Thalmann.’ *Ibid.*, p. 231.

purchase of fuel oil from one or another company, and, conversely, the withholding of fuel by companies for political reasons; 2) the management of revenues and the possibility of corrupt gains through the *mordida* system; and 3) cooperation with one or another political leader in Mexico concerning military transportation. Since railroad personnel, mostly from the USA at first, could withhold cooperation for military or commercial purposes, the Mexicanisation of the railroad staff was supported by a series of presidents – Porfirio Díaz, Madero, Huerta, Carranza and Eulalio Gutiérrez. The control of the railroads and so their personnel was crucial in the warfare of the Revolution.¹⁰

Through the Waters-Pierce Oil Co., Henry Clay Pierce had a virtual monopoly of marketing oil products imported from the United States before the discovery of oil in Mexico in 1900. To counter this monopoly, Porfirio Díaz decided to favour the oil and railroad interests of the British magnate, Weetman Pearson, who was created Lord Cowdray in 1910. Pearson formed a Mexican oil company in 1909, El Aguila, as a subsidiary of the engineering firm S. Pearson and Son. El Aguila's formation was based on contracts granted by the Díaz government for the exploration and operation of petroleum deposits in the states of Veracruz, Tabasco, Campeche, Chiapas and parts of San Luis Potosí and Tamaulipas. W. Pearson invited the *científicos* (technocrats given positions, concessions or sinecures by Díaz) to invest in El Aguila. Governor of the Federal District Guillermo Landa y Escandón purchased 200 shares, valued at \$1000 each; the son of the dictator, Porfirio Díaz, Jr., 200 shares; and chairman of the board of directors of the National Railways Pablo Macedo, 200 shares; president of the National Railways of Mexico Edward N. Brown, 100 shares; director of the National Railways Luis Elguero, 100 shares; Secretary of Foreign Relations Enrique Creel, 100 shares; Mayor of Mexico City Fernando Pimentel y Fagoaga, 100 shares; the congressman and El Aguila attorney Luis Riba y Cervantes, 100 shares; capitalist Enrique Tron, 100 shares; and managing director of El Aguila, John B. Body, 233 shares. The Díaz government also gave lucrative construction projects to Weetman Pearson in Veracruz and elsewhere. His British firm, by its control of corrupt Mexican government officials, drew from the Mexican treasury from 1898 to 1913 in the neighbourhood of \$125,000,000 under contracts and concessions granted without competition.¹¹ Also on the board of directors of El Aguila were two

¹⁰ Gregory Mason, 'Campaigning in Coahuila,' *The Outlook*, 20 June 1914, pp. 391–7; Robert E. Quirk, *The Mexican Revolution, 1914–1915* (New York, 1970), pp. 13–14.

¹¹ 'Notes on concessions granted by the Mexican federal government to S. Pearson and Son, and their subsidiary co., El Aguila,' John Lind Archive, Mexican Mission Papers, Minnesota Historical Society, M208, Roll 1, Frames 555–560.

key figures in the Taft presidency – brother and adviser, Henry W. Taft and Attorney General George W. Wickersham.¹²

Through the New York law firm of Strong and Cadwalader, Henry W. Taft represented Pearson's railroad and oil holdings in Mexico, while George Wickersham, a member of the same firm, was counsel for the bondholders in the reorganisation of the National Railways of Mexico. This same law firm represented Speyer and Company, which had a major role as fiscal agent of the National Railways of Mexico.¹³ The interlocking directorates of oil and railroad investors in Mexico promoted their interests and formed a clique with which Henry Clay Pierce was competing fiercely.

In a list of thirteen points, John Mason Hart argues that there was ample motivation for some major American business interests in Mexico to overthrow the Díaz government.¹⁴ Yet he concludes: 'Despite the wide-ranging and deep problems that existed between Díaz and the government in Washington, there is still no evidence of active government support for Madero.'¹⁵ The Standard Oil trust of the Rockefeller family, Edward Doheny's oil company in Mexico, and the Rockefeller/Stillman/Morgan/Pierce group of investors in railroads were discontent with the Díaz policies favouring W. Pearson and the *científico* group. I argue that there is evidence of limited logistical support by the US government in May 1911 for the Madero revolution, that there was financial support by Henry Clay Pierce for the Madero revolution, and that both of these facts were related in that US business interests influenced foreign policy toward the Mexican Revolution. There is a long-standing controversy concerning these assertions. I shall first analyse the evidence which has elicited counter-arguments to the thesis.

The first case concerns an attempt in April 1911 by Standard Oil to offer Alfonso Madero, financial agent of the Madero revolutionaries, a loan of \$500,000 to \$1,000,000 in exchange for a commercial concession after the victory of the *maderistas*.¹⁶ Lorenzo Meyer and Isidro Morales conclude correctly: 'Aunque algunos autores señalan que el préstamo se concretó, no hay en realidad, prueba de ello.'¹⁷ The deal may never have been finalised.

¹² Lorenzo Meyer and Isidro Morales, *Petróleo y nación; la política petrolera en México (1900–1987)* (Mexico, 1990), pp. 21; see Paolo E. Coletta, *The Presidency of William Howard Taft* (Lawrence, 1973), p. 82, for Henry W. Taft's advisory status.

¹³ Henry W. Taft, *A Century and a Half at the New York Bar* (New York, 1938), pp. 192–8; Fernando González Roa, *El problema ferrocarrilero y la compañía de los Ferrocarriles Nacionales de México* (Mexico, 1915), p. 12. See also George I. Bell, *The Political Shame of Mexico* (New York, 1914), p. 124.

¹⁴ John Mason Hart, *Revolutionary Mexico: The Coming and Process of the Mexican Revolution* (Berkeley, London, 1987), pp. 247–9.

¹⁵ *Ibid.*, p. 249.

¹⁶ Gene Z. Hanrahan (ed.), *Documents on the Mexican Revolution* (Salisbury, NC, 1976), vol. 1, pp. 411–40.

¹⁷ Lorenzo Meyer and Isidro Morales, *Petróleo y nación*, pp. 25–6.

W. Dirk Raat takes to task ‘un argumento circunstancial’: ‘en el análisis final, es poco probable que la Standard Oil financiara las revoluciones de Madero en 1911, y que los rumores sobre la Standard Oil probablemente fueron provocados y mantenidos vivos por los enemigos de Madero en México y en los Estados Unidos.’¹⁸ The rumour had been circulated as early as 3 March 1911, in the London *Star*, possibly at the instigation of the W. Pearson British interests in Mexico.¹⁹

Senator Albert B. Fall chaired an investigation conducted by a subcommittee of the US Senate Committee on Foreign Relations from September to December 1912 and concluded on 1 March 1913, that US oil interests ‘should be exculpated of the charge that they incited or promoted the revolution against the Díaz government’.²⁰ Fall had to explain a payment of 642,195 pesos (two pesos to the US dollar) by the Mexican congress after the fall of Díaz to Gustavo A. Madero, brother of Francisco I. Madero and financial agent of the revolutionaries, for expenses incurred during the previous revolution.²¹ Fall falsely concluded that this amount was used as repayment for a ‘loan’ Gustavo Madero had extracted from a French railroad company in which he had an investment with Carlos A. Carboneau of the Franco-Spanish Bank. A diplomat of the Díaz administration, Juan Pedro Didapp, testified to the Fall committee that Standard Oil and other Wall Street financiers were supporting Madero in order to regain control of the railroad system of Mexico and to ‘kill’ El Aguila Oil Co. He claimed that Standard Oil gave \$5,000,000 to Madero, but that was never proved.²² Not only was his allegation of the loan never substantiated; his testimony has been dismissed as unreliable and that of an anti-*maderista*.²³ Jonathan C. Brown has argued that, Fall’s judgment may be trusted concerning his conclusion that American oil companies were not involved in financing the Madero revolution. His closest ties to the American oilmen were not to Standard Oil or Pierce. They were Doheny and Harry Sinclair, neither of whom was involved in the controversy.²⁴

In fact, Albert B. Fall made common cause with H. C. Pierce to oppose Weetman Pearson’s interests in Mexico in March 1914.²⁵ His bias in defence of US oil companies was clear. His dishonesty was made evident by the Teapot

¹⁸ W. Dirk Raat, *Los revoltosos. Los rebeldes mexicanos en los Estados Unidos* (Mexico, 1988), pp. 207–11.

¹⁹ Gene Hanrahan, *Documents*, vol. 1, p. 433.

²⁰ US Congress, Senate, Doc. 285, *Investigation of Mexican Affairs* (Washington, 1920), p. 2640.

²¹ Manuel González Ramírez, *La revolución social de México. I. Las ideas—la violencia* (México, Buenos Aires, 1960), pp. 320–21; Gene Hanrahan, *Documents*, vol. 1, p. 408.

²² US Congress, Senate, *Revolutions in Mexico* (Washington, DC, 1913), pp. 460–4.

²³ W. Dirk Raat, *Los revoltosos*, p. 209.

²⁴ Jonathan C. Brown, *Oil and Revolution in Mexico* (Berkeley and Oxford, 1993), p. 175.

²⁵ *New York Times*, 31 March 1914, p. 2.

Dome Scandal years later: he had created a smokescreen argument to cover up Henry Clay Pierce's meddling in the Mexican Revolution.

The evidence of Pierce's support for the Madero insurrection is related to the role of Sherburne G. Hopkins as the attorney for *maderista* revolutionaries, adviser to their secret service, and legal representative of the Madero family business interests. This individual has been characterised as a principal conspirator fomenting Latin American revolutions, with the necessary connections for the acquisition of arms and ammunition.²⁶ Hopkins knew Gustavo Madero from October 1910, and was in almost daily contact with him during the revolution prior to the military victory at Ciudad Juárez on May 10, 1911.²⁷ As early as 31 January 1911, he was negotiating a loan for the *maderistas* through Gustavo.²⁸ Hopkins was also retained by Henry Clay Pierce concerning his interests in Mexico.²⁹

On 12 May 1911 Hopkins, in Washington, sent the following telegram to Gustavo Madero in El Paso, two days after the great *maderista* victory at Ciudad Juárez: 'Knox gave private assurance tonight all munitions would be passed El Paso Juarez if apparently regular commercial business this settles everything so prepare and get busy everything here most favorable and New York Bankers commencing discuss proposing new loan.'³⁰ I will discuss below the intervention of the US Secretary of State Philander Knox to open the borders for the *maderista* revolutionaries to purchase munitions at this critical juncture. Here it should be noted that reference to the 'new loan' suggests that there had been a previous one.

Although Sherburne Hopkins never admitted to having brokered a loan from Pierce to the Maderos, in his own congressional testimony he recalled having suggested to Gustavo Madero that he deposit the 650,000 pesos (read 642,195 pesos; his memory rounded up the figure) from the Mexican government in the International Banking Corporation, Mexico City, where he was acquainted with the manager. After it was deposited Hopkins received a \$50,000 cheque drawn on the same bank in payment for his services to the Madero revolutionaries.³¹ H. C. Pierce was director of the International Banking Corporation based in New York.³² Had Gustavo Madero been repaying the loan of the French railroad company, he would have deposited the amount in the Franco-Spanish Bank.

²⁶ *Revolutions in Mexico*, pp. 460, 746; Friedrich Katz, *The Secret War in Mexico: Europe, the United States and the Mexican Revolution* (Chicago and London, 1981), p. 135.

²⁷ *Revolutions in Mexico*, p. 746.

²⁸ Gustavo A. Madero, *Epistolario*, selección y prólogo de Ignacio Solares (Mexico, 1991), p. 121.

²⁹ *Revolutions in Mexico*, p. 746.

³⁰ Madero Archive, Biblioteca Nacional, Mexico City.

³¹ *Revolutions in Mexico*, pp. 763–4.

³² Obituary of H. C. Pierce, *St Louis Globe-Democrat*, 28 June 1927, 1.

Secretary of the Treasury Ernesto Madero itemized the reimbursement to his nephew, Gustavo Madero, as follows: \$154,000 for the purchase of arms, munitions, and equipment; fees of attorneys in the cities of New York, Washington, San Antonio and El Paso, \$53,000; confidential agencies in New York, Washington, San Antonio and El Paso, \$44,000; press campaign, 12,000 dollars; expeditions, voyages, and small expenses, \$56,500.³³ There is a partial accounting of the reimbursements made by Gustavo Madero for revolutionary expenses in his own account: 100,623.86 pesos went to Hopkins on July 6, 1911; 60,398.63 pesos to the arms dealer Ed Maurer August 31, 1911; 114,215.37 pesos to Ed Maurer October 31, 1911; 21,076.65 pesos to the attorney A. J. Peyton October 31, 1911.³⁴ That means the De la Barra administration issued the 642,195 peso cheque to Gustavo Madero early in July 1911. Yet another cheque was drawn by the Madero government in late 1911 for 685,000 pesos to the Waters-Pierce Oil Company, although it is not clear whether in payment of oil or in repayment of a loan.³⁵ The basic point is that they were doing business together.

The US Secret Service had direct evidence of the payment of more than \$250,000 by Waters-Pierce to aid the revolution of Francisco I. Madero.³⁶ Several historians have cited the sum of \$685,000, and in one case, indicating the currency as dollars.³⁷ Another has cited \$100,000 from Pierce to Madero.³⁸ In an anti-imperialist text by Gonzalo G. Travesí and published in Spain in 1914 the correct amount of 642,195 pesos is given, but Standard Oil identified as making the payment.³⁹ Waters-Pierce was a subsidiary of Standard Oil until the dissolution of the monopoly by the US Supreme Court in May 1911.

If leftist historians such as Alperovich, Rudenko and Travesí have taken to task the Standard Oil/Pierce involvement in the Mexican Revolution, so too have rightists. Porfirio Díaz Jr. wrote to W. Pearson that Henry Clay Pierce 'has been the cause of all the troubles in Mexico since the year 1910 and ... he is at the present time actually helping the rebels'.⁴⁰ Alfonso Taracena and José Vasconcelos, draw an immaculate image of Francisco Madero's idealism, and denounce the allegation that he had conducted the revolution with

³³ Gene Hanrahan, *Documents*, vol. 1, p. 408; see also González Ramírez, *La revolución social de México*, p. 321. ³⁴ Gustavo A. Madero, *Epistolario*, pp. 185–6.

³⁵ *Investigation of Mexican Affairs*, vol. 2, p. 2222.

³⁶ *The World* (NY), 9 Jan. 1914, p. 1. A legible clipping of this article is in Scrapbook, Henry Lane Wilson Collection, University of Southern California.

³⁷ Lorenzo Meyer, *México y los Estados Unidos en el conflicto petrolero, 1917–1942* (Mexico, 1972), p. 54, footnote; M. S. Alperovich and B. T. Rudenko, *La revolución mexicana de 1910–1917 y la política de los Estados Unidos* (Mexico, 1960), p. 91.

³⁸ Gene Hanrahan, *The Bad Yankee*, vol. 1, p. 29.

³⁹ Gonzalo G. Travesí, *La revolución de México y el imperialismo yanqui* (Barcelona, 1914), pp. 47, 91.

⁴⁰ Desmond Young, *Member for Mexico: A Biography of Weetman Pearson, first Viscount Cowdray* (London, 1966), p. 154.

Yankee money.⁴¹ The French diplomat Paul Lefavre considered that the help given to Madero by Standard Oil and the Pierce group was to help them take possession of Mexican oil and the National Railways of Mexico.⁴²

In May 1911 José Vasconcelos was acting head agent of the Madero movement in Washington, DC, as well as an attorney employed by Henry Clay Pierce.⁴³ He was assigned to win recognition of belligerent status for the *Maderistas* in order to open the border of El Paso/Ciudad Juárez for the transfer of arms, ammunition and other supplies.⁴⁴ In the process, he consulted with Sherburne Hopkins, who himself spoke with the US secretary of the treasury on the matter. Vasconcelos also saw Harrison C. Lewis, manager and stockholder in the National Paper and Type Company, with extensive paper manufacturing interests in Mexico, and which Vasconcelos's law firm represented in Mexico. Lewis, a close business associate of Gustavo Madero as well, spoke with Secretary of State Knox, the Secretary of War and Senator W. Murray Crane, one of President Taft's closest counsellors and open to the influence of the New York 'money trust' of J. P. Morgan and Co. and George F. Baker.⁴⁵ Crane, once a Republican governor of Massachusetts, was a director of General Electric for a few years after 1903, served on the American Telegraphs and Telephones (ATT) directorate from 1903 to 1920 and held substantial stock in the Morgan Guaranty Trust Co. and ATT.⁴⁶ He was also owner of the Massachusetts-based Crane paper manufacturing company which had a contract to supply the paper for US paper currency to the US Treasury, which administered the border customs offices. It was, then, a lobby of US paper manufacturing interests with Mexican contacts, including the Madero lumber interests, that held sway in the US decision in May 1911 to allow the Madero revolutionaries to control the Ciudad Juárez customs office. Vasconcelos also counted on the pro-Madero support of a Democratic congressman from Missouri, James Beauchamp ('Champ') Clark,⁴⁷ then speaker of the House of Representatives and colleague of the St. Louis-based Henry Clay Pierce, a democrat.

⁴¹ Alfonso Taracena, *Madero, víctima del imperialismo yanqui* (Mexico, 1961), *passim*; José Vasconcelos, *Ulises criollo* (Mexico, 1935), p. 470.

⁴² Pierre Py, *Francia y la Revolución Mexicana, 1910–1920* (Mexico, 1991), p. 177.

⁴³ *Washington Post*, 11 May 1911, p. 3; *New York Times*, 30 June 1914, p. 3.

⁴⁴ Vasconcelos, *Ulises criollo*, p. 434.

⁴⁵ Francisco Vázquez Gómez, *Memorias políticas, 1909–1913* (Mexico, 1982), pp. 175–8; letter of Madero's confidential agent, José Vasconcelos (Washington, DC) to Dr Francisco Vázquez Gómez, head of the Madero Confidential Agency of the Madero Provisional Government of Mexico in El Paso, May 10, 1911, Archivo Francisco Vázquez Gómez, legajo 1738, CONDUMEX, Mexico City.

⁴⁶ Carolyn W. Johnson, *Winthrop Murray Crane: A Study in Republican Leadership, 1892–1920* (Northampton, MA, 1967), pp. 38, 46.

⁴⁷ Vasconcelos to Francisco Vázquez Gómez, 10 May 1911, Archivo Francisco Vázquez Gómez, legajo 1738, CONDUMEX, Mexico City.

Senator Crane's influence over Secretary of State Knox and President Taft is particularly significant in light of the fact that there was a dispute between Knox and Attorney General Wickersham about Mexican policy. In January 1911 Knox formulated a policy of neutrality that was favourable to *maderista* efforts at importing arms and ammunition from the United States. Wickersham was opposed to this and had US police restrict the border while ordering the arrest of *maderistas* – until May 1911.⁴⁸ On 12 May the Rockefeller/Pierce interests had secured the upper hand over the W. Pearson/Speyer interests represented by Wickersham: the border at El Paso/Ciudad Juárez was opened to *maderistas* for the sale of arms and ammunition.⁴⁹ The military victory of *maderista* revolutionaries over the *porfirista* federal army on 10 May 1911 in Ciudad Juárez had made a major impact in Washington, DC, and Mexico City. Less than a week later Porfirio Díaz resigned.

Did Henry Clay Pierce or Standard Oil gain advantages during the Madero presidential administration? Gustavo Madero was chosen for the board of directors in Mexico City of the National Railways of Mexico and openly favoured removing the *porfirista científicos* from the Board.⁵⁰ However, he was not able to remove Luis Elguero as Chairman of the Board.⁵¹ José Vasconcelos drew a monthly salary of 1,000 pesos from Waters-Pierce Oil Co. and ensured that the Madero government would buy oil from Waters-Pierce.⁵² However, Francisco Madero received Weetman Pearson personally and made a statement to the press on 2 September 1911, that Pearson's competition with 'the monopoly' of the Waters-Pierce Oil Co. was beneficial for Mexico; the old contracts and concessions with Pearson would be honoured.⁵³ Pearson was not above requesting the sending of British warships to Mexico to produce an impression of strength in bargaining with Mexican authority.⁵⁴

Pertinent at this point is Francisco Madero's attitude towards US business and monopolies or trusts (combinations of companies). An interview with Madero published in the *New York Times* on 20 February 1911, stated:

I will be a friend of the American people, but I will be an enemy of the trusts of any country. At present only a few Americans profit by concessions from the Government of Mexico. I desire to make it so that any American may profit by it, so that the people of all the world may profit by it, not the few, but all. In a book I wrote two years

⁴⁸ Raat, *Los revoltosos*, pp. 218–20.

⁴⁹ Francisco Vázquez Gómez, pp. 175–8.

⁵⁰ *Revolutions in Mexico*, p. 776; 'Notes on concessions granted by the Mexican federal government to S. Pearson and Son, and their subsidiary, El Aguila,' John Lind Archive, Mexican Mission Papers, Minnesota Historical Society, M208-Roll 1.

⁵¹ *New York Herald*, 28 June 1914, p. 4.

⁵² Alfonso Taracena, *La verdadera Revolución Mexicana, primera etapa (1900–1913)* (Mexico, 1960), p. 190.

⁵³ *Nueva Era* (Mexico City), 2 Sept. 1911.

⁵⁴ Lorenzo Meyer, 'Los petroleros británicos, el nacionalismo mexicano y el gobierno de su Majestad Británica (1901–1947),' in Miguel S. Wionczeko (coordinador), *Energía en México: ensayos sobre el pasado y el presente* (Mexico, 1982), p. 22.

ago I stated that the Americans were favourable to free government in Mexico. This great and honest sympathy of the American people for the revolutionists of Mexico is a beautiful thing. About 95 per cent of the Mexicans appreciate it and return their sympathy to Americans. Honestly, we like Americans, I do, anyway.⁵⁵

The *maderista* newspaper *El Anti-reeleccionista* had taken a public stand against monopolies, in consonance with Madero's opposition to capitalism conducted by the few, despite his family's preponderant business interests.⁵⁶

Vasconcelos sought to modify Madero's stand on the competition between El Aguila Oil Co. and Waters-Pierce Oil Co. by interpreting the first as a monopoly. In response to an inquiry from Madero, Vasconcelos reported that the concession given to El Aguila by the Díaz government was unconstitutional and illegal. One particular clause of the concession attacked by Vasconcelos was that which declared that no one could drill for exploration purposes or for exploitation within a radius of three kilometres around the concessionaries' well for a term of fifty years. Vasconcelos also argued that the grants of the Díaz government to Weetman Pearson constituted a monopoly over all new oil lands in the republic because the states mentioned were the only ones in which oil was being exploited, and El Aguila alone was granted the right to exploit the lands owned by the federal government.⁵⁷ Madero did modify his stand: in a letter to Vasconcelos of 13 October 1911, he wrote that he never had approved W. Pearson's concessions and would only ratify them if they were found to be in conformity with Mexican law and if Pearson had complied with all obligations.⁵⁸ He added: 'I would oppose the formation in Mexico of all kinds of monopolies or combinations tending to limit competition in trade.'⁵⁹

In light of this anti-monopoly rhetoric, it is ironic that Francisco Madero signed 'one of the most one-sided business concessions imaginable' with Standard Oil on 5 June 1912.⁶⁰ Standard Oil was guaranteed ten years of tax-free operation and rights of eminent domain for any properties – government- or privately-owned – it needed for pipelines, ports, roads, railroads and refineries anywhere in Mexico and for the support of its oil fields in Hidalgo, San Luis Potosí, Tamaulipas and Veracruz.⁶¹ Although W. Pearson's favoured position established under Díaz had evidently ended. Madero negotiated with James Speyer and Company, an ally of Weetman Pearson, a \$10 million loan as he sought to balance the influence of the Rockefeller/Aldrich/Pierce and Pearson/Speyer/Guggenheim alliances.⁶² He also imposed the first oil

⁵⁵ *New York Times*, 20 Feb. 1911, p. 3.

⁵⁶ *El Anti-reeleccionista*, 2 Sept. 1909, p. 2.

⁵⁷ *New York Herald*, 15 Nov. 1913, p. 1.

⁵⁸ Raymond Carl Gerhardt, 'England and the Mexican Revolution, 1910–1920,' unpubl. PhD diss., Texas Tech University, 1970, p. 286.

⁵⁹ *New York Herald*, 15 Nov. 1913, p. 1.

⁶⁰ Mason Hart, *Revolutionary Mexico*, p. 246.

⁶¹ *Ibid.*

⁶² John Womack, 'The Mexican Revolution, 1910–1920,' in L. Bethell (ed.) *Cambridge History of Latin America*, V, (Cambridge, 1986), p. 90.

production tax in Mexican history, which, at twenty cents per ton, was considered 'confiscatory' by US Ambassador Henry Lane Wilson. Only El Aguila decided to pay it.⁶³ Narciso Bassols Batalla considers this tax to have begun Madero's downfall.⁶⁴

The Madero family business investments throw light on the financing of the Madero revolution and subsequent policies towards foreign companies. Gustavo A. Madero was a stockholder in Standard Oil and provided a ready contact for Sherburne Hopkins to orchestrate the pro-Standard Oil deal.⁶⁵ The Madero-owned oil company at Tampico sold to the Texas Oil Company, which also resented the influence of Weetman Pearson.⁶⁶ The Madero family also owned cotton fields and mills, cane fields and sugar mills and, timber land, distilleries, coal mines, iron mining and smelting, cattle ranches, a textile factory, vineyards, flour mills, the Bank of Nuevo León, and employed 7,000 labourers on these estates and 5,000 employees in the factories. Francisco's uncle, Ernesto Madero, was estimated to be worth \$50 million.⁶⁷ The Guggenheim interests in mining and smelting in Mexico, once allied with Díaz,⁶⁸ competed with those of Madero. In 1911 the Maderos declined to sell their smelter in Torreón to the Guggenheims.⁶⁹

The enormous Madero investment in *guayule* shrub lands producing rubber competed directly with the Continental Rubber Company, whose head was John D. Rockefeller Jr. – Senator Nelson W. Aldrich was a big stockholder. Continental signed an agreement in 1906 with United States Rubber Company, consolidated by Charles R. Flint for the sale of Mexican *guayule* for manufacturing in the United States.⁷⁰ Because the export market was monopolised, the Maderos were forced to enter into an agreement with Continental whereby that concern was immediately to pay them for twenty-five years' yield of *guayule* from 56,000 acres of the Madero estates. As collateral, the Maderos mortgaged their 2,000,000-acre estate in Mexico.⁷¹

⁶³ Meyer and Morales, *Petróleo y nación*, p. 38.

⁶⁴ Ramón Eduardo Ruiz, *The Great Rebellion: Mexico, 1905–1924* (New York, 1980), p. 397.

⁶⁵ Dan La Botz, *Edward L. Doheny: Petroleum, Power, and Politics in the United States and Mexico*, (New York, 1991), p. 43.

⁶⁶ Mason Hart, *Revolutionary Mexico*, p. 288

⁶⁷ Edward I. Bell, 'The Truth About Mexico. The Madero Fortunes—What Will Become of Them,' undated clipping in Woodrow Wilson Papers, Library of Congress, Role 212, Case 95; José Vasconcelos, *Don Evaristo Madero: biografía de un patricio* (Mexico, 1958), pp. 107, 111, 113, 152, 188, 211.

⁶⁸ John H. Davis, *The Guggenheims: An American Epic* (New York, 1988), p. 68.

⁶⁹ Edward I. Bell, *The Political Shame of Mexico* (New York, 1914), pp. 130–3.

⁷⁰ Mason Hart, *Revolutionary Mexico*, pp. 98–9. See John N. Ingham, *Biographical Dictionary of American Business Leaders, A-G* (Westport, and London, 1983), pp. 393–5, for Charles R. Flint.

⁷¹ Clipping of article by Henry J. McCloskey, spy for Díaz for three years, from the *Cleveland Press*, 26 July 1912, in Albert B. Fall Collection, Box 86 (39), Huntington Library, San Marino, Calif.

This transaction was undertaken in a most convenient fashion for Continental Rubber Company and others wanting to invest in the Madero estate. Sherburne Hopkins incorporated all the Mexican property with a US corporation chartered in the state of Delaware, and with property that could be mortgaged to raise some of the money that financed the Madero revolution.⁷² After the victory of their revolution, the Maderos could continue mortgaging at a more advantageous price and thus finance industrial development. In effect, US investors acquired an interest in the Madero corporation.

US Ambassador, Henry Lane Wilson, falsely portrayed Madero to President Taft in August 1912 as favouring European markets and discriminating against US businesses. His specific complaints were the ‘confiscatory’ oil tax, the persecution of the Associated Press and of the only US newspaper in Mexico, and the expulsion of American employees of the Mexican railroads.⁷³ When Madero took power, there were around one thousand US engineers and conductors employed on the railways of Mexico, some of whom had been there for thirty years. The Madero administration required them to pass examinations in Spanish and, if they failed, forced them out of their jobs.⁷⁴ E. N. Brown, a Pearson and Díaz man, president of the National Railways of Mexico, supported Wilson in opposing the Mexicanisation of the railroad personnel. Ambassador Wilson’s antagonism would be one of the factors in President Madero’s downfall. His brother, ex-Senator John L. Wilson, was associated with the Guggenheim family that had extensive mining and smelting interests in Mexico.⁷⁵ The ambassador also interceded on behalf of the Continental Rubber Company over attacks made upon it by the Maderos and by US Consular agent G. C. Carothers.⁷⁶

In October 1912 Félix Díaz, Porfirio’s nephew, rebelled in the state of Veracruz, but failed to overthrow Madero. It was alleged in the Mexican, English, and US press that Pearson placed \$15 million at Félix Díaz’s disposal for the rebellion.⁷⁷ Only \$25,000 have been documented as having been transferred from a British bank in the state of Veracruz at the time, but that may have been the tip of the iceberg.⁷⁸

⁷² *The World* (N.Y.), 9 Jan. 1914, p. 1.

⁷³ Lourdes Celis Salgado, *La industria petrolera en México. Una crónica I. De los inicios a la expropiación* (Mexico, 1988), p. 110.

⁷⁴ Curriculum Vitae of Henry Lane Wilson, Letters A–L, Henry Lane Wilson Collection, University of Southern California.

⁷⁵ Salgado, *La industria petrolera en México*, p. 395, fn. 26; González Ramírez, *La revolución social de México*, pp. 368–9.

⁷⁶ Henry Lane Wilson to G. C. Carothers [sic], Torreón, Coahuila, Letters A–Z, Folder 13, Henry Lane Wilson Collection, USC.

⁷⁷ Lázaro Gutiérrez de Lara and Edgcumb Pinchon, *The Mexican People: Their Struggle for Freedom* (New York, 1914, repr. 1970), p. 355.

⁷⁸ Py, *Francia y la Revolución Mexicana*, p. 82.

Ex-Vice-President Pino Suárez and ex-President Francisco Madero (recently having resigned), were assassinated in a military uprising on 22 February 1913, apparently at the orders of Generals Victoriano Huerta and Félix Díaz.⁷⁹ Gustavo Madero, the businessman brother with Standard Oil Connections, had been assassinated by the military four days earlier. Weetman Pearson sent his congratulations to Felix Díaz, putting his firm at the disposal of the new government immediately.⁸⁰ In early 1915 the Mexican Socialist Workmen's Conference charged that the authors of the assassination of Madero included *científicos*, the military, clerics and Weetman Pearson.⁸¹ At the least, these sectors had been hopeful of a military coup. One of the few reports President Woodrow Wilson kept in his papers about the assassination of Madero claimed that 'Madero paid for Standard Oil money with his life', in a clipping from the London Liberal newspaper, *The Daily News and Leader* of 27 October 1913.⁸² Wilson may have believed that the oil and railroad competition between W. Pearson and Rockefeller/Pierce had led to the assassination. More than the purported loan from Standard Oil in 1911, the one-sided concessions of 1912 favouring Standard Oil probably motivated the owner of El Aguila Oil Co. to overthrow Madero.

Victoriano Huerta, who masterminded the overthrow of Madero, became the next president and won the recognition of the European powers, but not of the United States. The US Ambassador argued in favour of recognition.⁸³ US Senator William Alden Smith made public his belief that Sherburne Hopkins, siding with Rockefeller/Pierce, had much to do with the removal of Ambassador Wilson.⁸⁴ After leaving the ambassadorship, Wilson declared that while American oil interests had been financing the Madero revolution and 'were behind' his government, the British Pearson oil interests 'were behind' Huerta. He considered the international rivalry of oil concessionaires 'sordid'.⁸⁵

Stanley Copeland, representing Waters-Pierce Oil, wrote to President Woodrow Wilson informing him that Pearson was behind Félix Díaz and that the British magnate imposed pressure to have Huerta recognised.⁸⁶ Boaz Long, chief of the Latin American Division of the State Department, listened to Henry Clay Pierce in a secret conference explain that London had

⁷⁹ Peter V. N. Henderson, *In the Absence of Don Porfirio. Francisco León de la Barra and the Mexican Revolution* (Wilmington, DE, 2000), pp. 200–6.

⁸⁰ Lorenzo Meyer, 'Los petroleros británicos,' pp. 20–1; Friedrich Katz, *The Secret War in Mexico*, pp. 162–5. ⁸¹ Gerhardt, *England and the Mexican Revolution*, p. 282, fn. 42.

⁸² Clipping in Woodrow Wilson Papers, Reel 212, Case 95, Library of Congress.

⁸³ Gene Z. Hanrahan, *Blood Below the Border*, vol. 5 of *Documents on the Mexican Revolution* (Salisbury, NC, 1982), p. 128; Michael C. Meyer, *Huerta: A Political Portrait* (Lincoln, NE, 1972), pp. 67, 110, 118. ⁸⁴ *New York Times*, 10 Aug. 1913, pp. II, 2.

⁸⁵ Scrapbook clipping, Henry Lane Wilson Collection, USC.

⁸⁶ Peter Calvert, *La Revolución Mexicana, 1910–1914* (Mexico, 1978), pp. 79–80.

recognised Huerta at Pearson's insistence.⁸⁷ It is not surprising that President Wilson refrained from giving diplomatic recognition to President Huerta, given his impression that British competitors were behind Madero's overthrow. He saw the Madero democracy replaced by a military dictatorship.

German, French, Spanish and British capitalists, for the most part, supported President Huerta.⁸⁸ In spite of his personal sympathies for Madero, under pressure from the Spanish community's fear of anarchy and a possible US intervention, Ambassador Cologán y Cologán had played in the hands of Henry Lane Wilson to request the resignation of Madero.⁸⁹ The international banking community had lacked confidence in Madero's administration;⁹⁰ their confidence would increase under Huerta. British capital investment in Mexico jumped from £4,085,700 in 1912 to £10,641,500 in 1913, Huerta's first year in office.⁹¹ A celebrated French loan, signed on 30 May 1913, promised £16 million, yet Huerta received only 12.2 million pesos (\$6.1 million) of this.⁹² Some \$20 million lent by banking magnate James Speyer to Madero were repaid by this loan.

General Venustiano Carranza, head of the Constitutionalist revolutionary forces, declared on 26 May 1913 that he would not repay loans made to Huerta upon succeeding him. José Vasconcelos became a confidential agent of Carranza in Europe and worked with other Constitutionlists in London and Paris to discredit Huerta in the press and in official circles. They were successful in Paris: Charles Dumont, minister of finance, agreed to stop the quotation of French bonds to Huerta on the Paris stock market.⁹³ In contrast to French capitalist support for Huerta, the French government took a more cautious role, not wishing to alienate the United States.⁹⁴ The German imperial government followed suit.⁹⁵ By November 1913 even the British government had abandoned support of Huerta, concluding that cordial relations with the United States were more important than Mexican oil.⁹⁶

Upon the establishment of the National Railways of Mexico in 1908, Henry Clay Pierce had been guaranteed the appointment of six of the nine members

⁸⁷ Larry D. Hill, 'Woodrow Wilson's Executive Agents in Mexico: from the Beginning of his Administration to the Recognition of Venustiano Carranza,' unpubl. PhD diss., Louisiana State University, 1971, p. 143.

⁸⁸ Py, *Francia y la Revolución Mexicana*, p. 141; Friedrich Katz, *The Life and Times of Pancho Villa*, (Stanford, 1998), p. 244.

⁸⁹ Josefina MacGregor, *México y España: del Porfiriato a la Revolución* (Mexico, 1992), pp. 166–7.

⁹⁰ Emilio Zebadúa, *Banqueros y revolucionarios: la soberanía financiera de México* (Mexico, 1994), p. 60.

⁹¹ Carlos Díaz Dufoo, *México y los capitales extranjeros* (Mexico and Paris, 1918), pp. 421–2.

⁹² Py, *Francia y la Revolución Mexicana*, pp. 104–5, 127.

⁹³ *Ibid.*, pp. 112–13; José Vasconcelos, *La tormenta* (Mexico, 1936), p. 56.

⁹⁴ Py, *Francia y la Revolución Mexicana*, p. 103. ⁹⁵ *Ibid.*, p. 141.

⁹⁶ Arthur S. Link, *Wilson: the New Freedom* (Princeton, 1956), p. 374; Katz, *The Secret War in Mexico*, p. 177.

of the New York City Board of Directors for a period of six years. It therefore came as a surprise that, on 1 October 1913 Pierce was removed from the board of directors in New York, where he had served as chair. At the same time, J. N. Galbraith, general manager of the Waters-Pierce Oil Company in Mexico, was dropped from the Mexico City board of directors of the National Railways of Mexico. In March 1914 C. R. Hudson, a Pierce man, was removed as Vice-President of the National Railways of Mexico.⁹⁷ Replacing George Wickersham on the New York board of directors was a man representing the same W. Pearson/Speyer interests—Henry W. Taft. The *New York Herald* interpreted the removal of the Pierce group from the board as a move by W. Pearson to sell the Tehuantepec National Railway, in which he had a major investment, to the National Railways of Mexico. The opening of the Panama Canal rendered the Tehuantepec Railway unprofitable, and the sale was seen as an ‘unloading’ by Pearson.⁹⁸ At the same time, it was reported that Pearson interests were lending money to the Huerta government.⁹⁹

On 29 September 1913 Querido Moheno, addressing the Mexican Chamber of Deputies, urged government control of the petroleum companies, declaring that the revolutionary troubles could be traced to the war between the oil companies. His bill proposed that oil would become the property of the Mexican nation.¹⁰⁰ This initiative would, though, be rendered irrelevant by forthcoming events.

On 10 October 1913, *huertista* troops arrested 110 deputies. According to the German Ambassador, his newly-appointed British counterpart, Lionel Carden, urged Huerta to dissolve congress in order to stay in power, and obtain important oil concessions for Britain which would never have been ratified by the deputies.¹⁰¹ Carden was openly anti-American, supported Pearson’s interests, and defended Huerta independently of London’s policy as late as December 1913.¹⁰² John Lind, President Wilson’s emissary in Mexico, reported that Carden knew in advance about the dissolution of the congress and that legislators from Veracruz were imprisoned because they refused to vote in favour of Pearson’s concessions in that state.¹⁰³ The dissolution of the

⁹⁷ Alfredo Cuellar, *La situación financiera de los Ferrocarriles Nacionales de México, con relación al trabajo* (Mexico, 1935), p. 161.

⁹⁸ *El Independiente* (Mexico City), 14 July 1914, p. 1; *The World*, (N.Y.), 9 Jan. 1914, p. 1; *New York Herald*, 4 Oct. 1913, p. 4 and 28 June 1914, p. 1; ‘British interests in Mexico,’ John Lind Archive, Mexican Mission Papers, M208, Roll 1, Frame 566, Minnesota Historical Society; *Times-Picayune* (New Orleans), 28 June 1914, p. 1.

⁹⁹ *New York Herald*, 9 Nov. 1913, p. 4.

¹⁰⁰ *New York Herald*, 1 Oct. 1913; Querido Moheno, *Mi actuación política después de la decena trágica* (Mexico, 1939), pp. 118–19.

¹⁰¹ Gerhardt, *England and the Mexican Revolution*, p. 271, fn. 32. ¹⁰² *Ibid.*, pp. 316–17.

¹⁰³ John Lind to Secretary of State, Washington, 29 Oct. 1913, John Lind Archive, Mexican Mission Papers, M208, Roll 2, Frame 203, Minnesota Historical Society.

Mexican Congress further alienated US advocates of democracy, including President Wilson, from the Huerta dictatorship.

US support for Carranza built up during autumn 1913 and winter 1913–1914 until the arms embargo was lifted and the Constitutionalists were given recognition of belligerency in February 1914.¹⁰⁴ As early as May 1913 there had been a call for recognition of Huerta by some key US investors in Mexico, including James Speyer and Edward L. Doheny,¹⁰⁵ but this was ignored by President Wilson. Doheny later claimed that US business interests followed the lead of President Wilson in supporting Carranza.¹⁰⁶ Senator Morris Sheppard of Texas sent a request to President Wilson on 11 October 1913 to lift the arms embargo for the Constitutionalists. Among the Constitutionalists who had appealed to the Senator had been Federico and Roque González Garza, José Vasconcelos, and Adrián Aguirre Benavides.¹⁰⁷ Senator A. O. Bacon of Georgia, head of the Foreign Relations Committee, was by November 1913 advocating the withdrawal of the arms embargo on the Constitutionalists as well as ending Huerta's rule.¹⁰⁸ In the same month, Captain Julio Madero, brother of Francisco Madero, went to Washington to work with Roberto Pesqueira in presenting to Secretary of State Bryan and President Wilson with an appeal to be allowed to obtain arms for the Constitutionalists.¹⁰⁹

According to Friedrich Katz, 'Many large American interests, especially the oil companies, were collaborating with Carranza',¹¹⁰ they were keenly aware of 'Huerta's favorable disposition toward European capital.'¹¹¹ John Mason Hart makes a persuasive argument that numerous US mine owners and landowners along with Texaco Oil (The Texas Company) swayed the Wilson cabinet through Col. Edward M. House and others to support Carranza.¹¹² By January 1914 Henry Clay Pierce was planning to reorganise the railroads of northern Mexico into a new system in cooperation with Carranza.¹¹³ Huerta not only had failed to restore order in Mexico; he stopped paying interest on the bonds of the National Railways of Mexico in 1913.¹¹⁴ Much damage was also done to the railroads during the armed conflict.

¹⁰⁴ Gerhardt, *England and the Mexican Revolution*, p. 319; *The Outlook*, 14 Feb. 1914, p. 330.

¹⁰⁵ Edward P. Haley, *Revolution and Intervention: The Diplomacy of Taft and Wilson with Mexico, 1910–1917* (Cambridge, MA, 1970), pp. 84–5; Meyer, *Huerta*, p. 113.

¹⁰⁶ *Investigation of Mexican Affairs*, p. 278.

¹⁰⁷ US State Department 812.00/9246 (M274, Roll 29); see also Berta Ulloa, 'Carranza y el armamento norteamericano,' *Historia mexicana* XVI, 2 (Oct.–Dec. 1967), p. 256.

¹⁰⁸ *New York Herald*, 7 Nov. 1913, p. 4, and 13 Nov. 1913, p. 1.

¹⁰⁹ *New York Herald*, 3 Nov. 1913, p. 6. ¹¹⁰ Katz, *The Secret War in Mexico*, p. 184.

¹¹¹ *Ibid.*, p. 162. ¹¹² Mason Hart, *Revolutionary Mexico*, pp. 283–8.

¹¹³ Letter of S. G. Hopkins to Carranza, 11 Jan. 1914 in *El Independiente* (Mexico City), 14 July 1914, p. 1; see also *New York Herald*, 28–30 June 1914.

¹¹⁴ Gustavo Molina Font, *El desastre de los ferrocarriles de México* (Mexico, 1940), p. 22.

The railroads, and not oil, determined Henry Clay Pierce's decision to support Carranza. In fact, an oil producer's tax incorporated by Huerta stood to favour Pierce, strictly a refiner and marketer, over W. Pearson, a producer and refiner.¹¹⁵ In 1913 the Waters-Pierce Oil Company paid a forced loan of 750,500 pesos to the Huerta government as a sign of cooperation.¹¹⁶ E. N. Brown, President of the National Railways of Mexico, had initially supported Huerta but abandoned him by August 1913, because of the dictator's corruption concerning the debt and administration of the railroads.¹¹⁷ Brown's advocacy of US military intervention in Mexico to overthrow Huerta influenced a German banking consortium with a \$40 million interest in the National Railways of Mexico.¹¹⁸

John Lind, one-time Democrat governor of Minnesota and special agent to President Wilson in Mexico during late 1913 and early 1914, sent an influential letter to the president on 10 January 1914, outlining his opinions concerning the Mexican situation. He portrayed the pro-Huerta group as 'European in sentiment' – aristocratic and using the Church to keep the people 'in subjugation and slavery'. The 'bugbear' of the *científicos*, sympathetic to Huerta, was 'the rapacity of the menace of the "Colossus of the North".' The Constitutionalists of Carranza and Villa were portrayed favourably: 'I really think from all I can learn, that the revolutionists are groping along the road of democracy in a stumbling way. At least, they are pro-American in sentiment and that in itself is a hopeful sign.'¹¹⁹ Industrial development in Mexico was, according to Lind, wholly European in ownership and control – an extraordinary statement, considering the extensive US interests.

Lind even proposed a plot to end the revolution: US mercenaries with former experience in the US Navy and the Philippines, 'at the instance of the revolutionists', would sink the *Huertista* gunboats in Tampico, take Veracruz without a fight, and overthrow Huerta in thirty days, he predicted: 'we will have a Mexican regime that will be at least impartial and it is hoped friendly, on the whole, not only for the things that our nation stands for politically and ethically, but also favourable to larger economic and commercial intercourse.'¹²⁰

President Wilson no doubt found appealing the dual argument in favour of political democracy and US business interests in Mexico. One of the US

¹¹⁵ *New York Times*, 23 Nov. 1913, p. 1.

¹¹⁶ Py, *Francia y la Revolución Mexicana*, p. 152, fn. 124.

¹¹⁷ Gerhardt, *England and the Mexican Revolution*, p. 239.

¹¹⁸ Katz, *The Secret War in Mexico*, p. 208.

¹¹⁹ John Lind (Veracruz) to US President, 10 Jan. 1914, in John Lind Archive, Mexican Mission Papers, M208, Roll 3, Frames 441–449, Minnesota Historical Society.

¹²⁰ *Ibid.*

businessmen in Mexico who influenced John Lind's views was J. N. Galbraith, a H. C. Pierce man.¹²¹ In turn, President Wilson and Secretary of State Bryan were influenced by Lind in believing that W. Pearson and British oil interests had 'determined British policy in an effort to secure special economic favours from Huerta',¹²² at least until the Anglo-American rapprochement of November 1913.

The mercenary plot proposed by Lind never transpired, but the message of military intervention was not lost upon President Wilson. According to John Mason Hart, in early January 1914, the presidential cabinet met and decided upon an armed invasion of Mexico after US business interests had proposed this solution.¹²³ As early as 1913 Henry Clay Pierce had favoured an American intervention in Mexico at the meetings of the National Railways of Mexico.¹²⁴ For his military invasion of the port of Veracruz on 21 April 1914 President Wilson had resolutions in the house of representatives (April 20) and the senate (April 22) to the effect that he was justified in using armed forces of the United States to enforce demands made to Huerta concerning an 'affair of honour' in Tampico 9 April.¹²⁵ Some 126 Mexicans and 19 US citizens died as a result of the invasion. The pretext of honour had been timely; the event had been awaited for months by US business interests. President Wilson gave an interview on 27 April 1914 in which he declared that Mexico would remain intact and that the USA would not seek territorial gain. He also claimed that 'the unrest' in Mexico was a 'fight for the land' and that his sympathies were apparently with the landless. He stated:

Liberty always is attained by the forces working below, underneath, by the great movement of the people. That, leavened by the sense of wrong and oppression and injustice, by the ferment of human rights to be attained, brings freedom ... It is a curious thing that every demand for the establishment of order in Mexico takes into consideration not order for the benefit of the people of Mexico, the great mass of population, but for the benefit of the old-time regime, for the aristocrats, for the vested interests, for the men who are responsible for this very condition of disorder. No one asks for order because order will help the masses of the people to get a portion of their rights and their land; but all demand it so the great owners of property, the overlords, the hidalgos, the men who have exploited that rich country for their own

¹²¹ William Sidney Coker, 'United States–British Diplomacy over Mexico, 1913,' unpubl. PhD diss., University of Oklahoma, 1965, 51, fn. 13.

¹²² Mark T. Gilderhus, *Diplomacy and Revolution: U.S.–Mexican Relations in the Wilson–Carranza Era*, (Tucson, 1977), p. 7, John Lind (Veracruz) to US President, Jan. 10 1914, in John Lind Archive, Mexican Mission Papers, M208, Roll 3, Frames 441–449, Minnesota Historical Society.

¹²³ Mason Hart, *Revolutionary Mexico*, pp. 289–90.

¹²⁴ Katz, *The Secret War in Mexico*, p. 336.

¹²⁵ Arthur S. Link, *La política de los Estados Unidos en América Latina, 1913–1916* (Mexico, 1960), p. 96.

selfish purposes, shall be able to continue their processes undisturbed by the protests of the people from whom their wealth and power have been obtained.¹²⁶

This attitude helps explain why President Wilson would support Carranza over Huerta, although he overstated his own and Carranza's revolutionary commitment to land reform in Mexico. Wilson correctly believed that the intervention in Veracruz would help the Carranza forces to overthrow Huerta because the strategic port and railroad centre of Veracruz, with its large arms supply denied to Huerta, would eventually be turned over to the revolutionaries. Wilson sided with the aspirations of agrarian reform of the revolutionaries: 'a settlement of the agrarian land question by constitutional means—such as that followed by New Zealand, for example, will be insisted on.'¹²⁷ The question arises whether Wilson foresaw in agrarian reform a conflict with US property rights in Mexico. At the time he had decided to lift the arms embargo for the Constitutionalists, the president had received assurances from the *carrancista* agent, Luis Cabrera, that they would respect property rights and oppose confiscation.¹²⁸

Wilson believed that his action in Veracruz would be good for the populist aspirations of the revolutionaries whom he was supporting as well as for US business interests which had not been favoured by Huerta. He failed to see the conflict of interest. Wilson was motivated by idealism rather than hypocrisy in his defence of Mexican land reforms. *The Outlook*, among other periodicals, echoed his sentiments. Huerta represented 'the spirit of aristocracy, despotism, privilege'; Carranza and the Constitutionalists stood for 'the spirit of freedom'.¹²⁹ Wilson failed to foresee Carranza's nationalism as contrary to US business interests in Mexico. The Wilsonian policy of sympathy for democracy, self-determination, and revolutionary reform in Mexico clashed with the hostility of British interests and officials towards the Mexican Revolution.¹³⁰

Carranza's initial reaction to the invasion of Veracruz was one of outraged nationalism. On April 22 he declared 'los hechos acaecidos en Veracruz como atentatorios en el más alto grado para la dignidad e independencia de México.'¹³¹ Carranza believed that the violation of Mexican sovereignty was unlawful.

A number of people tried to sway Carranza from his adamant opposition. On 23 April Sherburne Hopkins wrote a letter asking him to modify his warlike statement against the US invasion of Mexico.¹³² On 26 April José Vasconcelos

¹²⁶ Samuel G. Blythe, 'Mexico: the Record of a Conversation with President Wilson,' *Saturday Evening Post*, 23 May 1914, p. 3.

¹²⁷ *Ibid.*, p. 3. ¹²⁸ Haley, *Revolution and Intervention*, pp. 128–9.

¹²⁹ *The Outlook*, 6 June 1914, p. 277.

¹³⁰ Alan Knight, *British Attitudes towards the Mexican Revolution, 1910–1940* (Austin, 1994), pp. 10–14. ¹³¹ Berta Ulloa, *Veracruz, capital de la nación* (Veracruz, 1986), p. 23.

¹³² Larry D. Hill, 'Woodrow Wilson's Executive Agents in Mexico,' p. 259.

informed Carranza that the US government had decided, as a reprisal against his demand for the withdrawal of US troops, to reestablish the arms embargo against the revolution and that a simple protest without such a demand would have been preferable. Vasconcelos added that he was in contact with William McCombs, chairman of the National Committee of the Democratic Party, and Charles R. Flint, purchasing agent of the Constitutionals and a New York big businessman. Vasconcelos insinuated that loans for the Constitutionals would be difficult while relations with the United States remained tense.¹³³

It was speculated in *The Outlook* that Villa, in a meeting with Carranza, had made an ‘outspoken declaration of friendliness towards the United States’ so that Carranza would modify his anti-US stand.¹³⁴ Villa was quoted as saying, ‘The last thing I want is war with the United States. I like Americans better than any foreigners; I have many friends in your country and I will not draw the sword against them to please that drunken little beast Huerta.’¹³⁵

Carranza’s modification was not long in forthcoming, Rafael Zubarán, the *carrancista* minister in Washington, released a statement on 9 May that ‘Carranza Pledges Friendship to U.S.—Now Regards Occupation of Veracruz as Directed Against Huerta.’¹³⁶ This conciliatory stance was plainly geared toward a US audience, whereas the adamant nationalism was expressed in Mexico was for domestic consumption.

In April 1914 Henry Clay Pierce, José Vasconcelos, and Sherburne Hopkins met to plan the reorganisation of the railroads into a separate system in northern Mexico under the aegis of Carranza, for both military and commercial purposes. Pancho Villa was reportedly opposed to the plan because he did not want to remove Eusebio Calzado as his director of the railroads in Chihuahua. It was reported in the press that this was one reason for the split between Carranza and Villa. Hopkins suggested that Carranza dismiss the current board of directors of the National Railways and appoint people, such as Alberto J. Pani, in whom he could place confidence in order to neutralise the plan for a new and foreign corporation organised by the bondholders with E. N. Brown as legal receiver.¹³⁷ This plan was made possible by the repudiation of payment of interests on the railroad bonds by Huerta.

The idea of a separate northern Mexico had been in the air since 1913. In October of that year Otto Kahn, a business partner of Morgan and Speyer, told Colonel House, Wilson’s adviser, that the USA should hold a plebiscite in northern Mexico on the question of secession in order to form a buffer

¹³³ Isidro Fabela (ed.), *Documentos históricos de la revolución mexicana* (Mexico and Buenos Aires, 1962), vol. 2, pp. 71–3. ¹³⁴ *The Outlook*, 9 May 1914, p. 50.

¹³⁵ Gregory Mason, ‘With Villa in Chihuahua,’ *The Outlook*, 9 May 1914, p. 77.

¹³⁶ *Evening Star*, (Washington, DC), 9 May 1914, p. 9.

¹³⁷ *New York Herald*, 28–30 June 1914; *New York Times*, 29–30 June 1914; *Times-Picayune* 28–30 June 1914.

state.¹³⁸ *The Outlook*, shortly after the invasion of Veracruz, speculated on a compromise whereby Carranza would be recognised as President of northern Mexico and Huerta as President of southern Mexico.¹³⁹ *The Washington Post* suggested that Pancho Villa wanted Mexico divided into two republics to restore peace – north and south.¹⁴⁰

The *Times-Picayune* estimated in early July 1914 that during the previous nine months big business on the East Coast of the United States provided the Constitutionalists in Mexico with more than \$1 million in gold.¹⁴¹ One of the key figures in furnishing loans, arms, and ammunition to Carranza and Villa was Charles R. Flint, whose Flint and Co. had been legally represented by Hopkins and Hopkins (that is Sherburne Hopkins and his father Thomas) for the previous twenty-five years.¹⁴²

While in the employ of Henry Clay Pierce, José Vasconcelos visited the office of Charles R. Flint in New York City in April 1914 in search of a loan for Carranza, for whom he was serving as confidential agent. Flint predicted Huerta's downfall and claimed that Carranza had bankers willing to finance his government. Industrialists with interests in Mexico, Flint asserted, saw the advantage of this support. He added that while the *científicos* boycotted Carranza, the people supported him, mentioning Felicitos Villarreal, Rafael Zubarán and José Vasconcelos as *carrancista* agents.¹⁴³

Charles R. Flint estimated that \$50 million would be necessary to pay the expenses of a provisional government in Mexico until elections could be held. Among the expenses would be an agricultural bank and other practical measures to encourage industrial activity. Flint mentioned the subdivision of the land and the readjustment of taxation among the reforms needed.¹⁴⁴ He supported Wilson's intervention in Veracruz and used the law firm of Hopkins and Hopkins to improve strained relations between the Constitutionalists and the US government.¹⁴⁵

Charles R. Flint's career, begun in shipbuilding, reveals a history of arms dealing, for Brazil in 1893, for Japan in 1895, for the USA in the Spanish–American War of 1898, for Russia in 1905. He was called the 'father of trusts' because he succeeded in establishing 39 consolidations with an outstanding capitalisation of over \$346,000,000, including the United States Rubber Company with interests in Mexico. A company firm founded by Flint became International Business Machines (IBM) in 1924.¹⁴⁶

¹³⁸ La Botz, *Edward L. Doheny*, p. 46.

¹³⁹ *The Outlook*, 2 May 1914, p. 4.

¹⁴⁰ *Washington Post*, 30 April 1914, p. 2.

¹⁴¹ *Times-Picayune*, 6 July 1914, p. 1.

¹⁴² *New York Times*, 29 June 1914, p. 5; *Times-Picayune* (New Orleans), 1 July 1914, p. 1; 3 July 1914, p. 13; 4 July 1914, p. 3; Link, *La política de los Estados Unidos en América Latina*, p. 120.

¹⁴³ *Evening Post* (N.Y.), May 9, 1914, 1.

¹⁴⁴ *New York Times*, 30 June 1914, p. 3.

¹⁴⁵ *Times-Picayune*, June 30 1914, p. 3.

¹⁴⁶ *Who's Who in New York City and State*, ed. by John W. Leonard (New York, 1909), p. 491; Ingham, *Biographical Dictionary of American Business Leaders*, pp. 393–5.

Charles R. Flint was capable of arming one side or the other in war or revolution (e.g., for Japan in 1895, against Japan in 1905). Flint, who decided to support Carranza in Spring 1914, approached agents of Huerta in October 1913 to acquire a monopolistic concession for a chicle trust of some twenty companies in Campeche, Yucatán and Quintana Roo. The plan was to offer the Huerta government armaments and resources through the issue of a loan in exchange for the chewing gum concession. The offer was not accepted by Huerta. As late as January 1914 Flint supported the recognition of Huerta.¹⁴⁷ His case was much like that of Edward Doheny and other businessmen; he would follow the lead of President Wilson after the arms embargo was lifted for Carranza in February 1914. Flint was motivated by pragmatism rather than ideology in his change of strategy.

President Wilson hoped that the political crisis occasioned by his invasion of Veracruz could be solved through mediation at the ABC Conference at Niagara Falls during May and June 1914. The mediating countries (Argentina, Brazil, Chile) stipulated that an armistice be met by the warring factions in Mexico before their representatives mediated a political settlement. Initially, Carranza's agents in Washington—Felicitos F. Villarreal, José Vasconcelos, and Juan F. Urquidí — after consultation with Roberto Pesqueira, a *carrancista* in Ciudad Juárez, decided to recommend to Carranza that he accept mediation, in order to avoid an armed conflict between the United States and Mexico as well as to avoid the advance of US forces to the Mexican capital, with the proviso that no imposition be permitted concerning Mexican internal politics.¹⁴⁸

Carranza was more interested in a solution to the US occupation of Veracruz than to a political settlement involving direct negotiations with representatives of Huerta. He refused to use mediation for matters of internal politics and would not agree to an armistice. In late June 1914, confidential correspondence of Henry Clay Pierce, José Vasconcelos, and S. G. Hopkins was stolen and published in order to embarrass the process of mediation at the ABC Conference. It was alleged that representatives on both sides were also representing Weetman Pearson, in the person of Luis Elguero, for Huerta, and Henry Clay Pierce, in the person of José Vasconcelos, for Carranza. Senator William Alden Smith of Michigan declared publicly that peace in Mexico would have been secured months earlier were it not for the British-American oil rivalry.¹⁴⁹ In fact, H. C. Pierce and Charles R. Flint opposed mediation and preferred a military victory for Carranza.¹⁵⁰ Sherburne Hopkins was employed by Pierce to conduct a campaign against mediation. Luis

¹⁴⁷ Luis Lara Pardo, *Matches de dictadores: Wilson contra Huerta, Carranza contra Wilson* (Mejico, 1942), pp. 260–6; *Times-Picayune*, 8 July 1914, pp. 1, 4.

¹⁴⁸ Berta Ulloa, *La revolución intervenida. Relaciones diplomáticas entre México y Estados Unidos (1910–1914)* (Mexico, 1971), p. 193.

¹⁴⁹ *New York Herald*, 29 June 1914, p. 5.

¹⁵⁰ *New York Times*, 30 June 1914, p. 3; *New York Herald*, 29 June 1914, p. 1.

Cabrera as well as José Vasconcelos, both representatives of Carranza at the Niagara Falls conference, favoured mediation.¹⁵¹ It is not true that oil interests caused the impasse among the *carrancista* delegates of mediation.

In response to the stalemate at the ABC Conference, President Wilson decided to reinstate the arms embargo to increase pressure on Carranza.¹⁵² John Lind, acting independently of the president although he had been his emissary, advised representatives of the revolutionaries on how to evade the embargo and get possession of arms which Charles Flint would sell.¹⁵³ As a result, in the Summer of 1914, legal proceedings were begun against Lind, Sherburne Hopkins, US Consul G. C. Carothers (a friend of Villa), Félix Sommerfeld (a German arms agent of Carranza and especially Villa), and Henry Clay Pierce for violation of the laws of neutrality and other charges.¹⁵⁴ Until the end of 1914, Carothers, Sommerfeld, Hopkins and General Hugh C. Scott, all with conservative business attitudes, lobbied in the USA on behalf of Villa. However, in the long run their conservative influence proved inimical to Villa's claim to revolutionary leadership.¹⁵⁵ Villa's regional autonomy and federalism were more favourable to US interests in northern Mexico than Carranza's strong centralist, nationalist government. His more radical agrarian reformism and hostility to big haciendas were not; Carranza was more amenable to returning confiscated lands.¹⁵⁶

June 1914 witnessed two schisms in the Constitutionalist camp which reduced financing for Carranza and Villa from the United States. The first resulted from Carranza's decree announcing an increase in the oil production tax from 20 to 60 cents per ton – three times the amount imposed by Madero.¹⁵⁷ On the one side were Sherburne Hopkins, Félix Sommerfeld and the oil interests, opposed to the tax hike, and on the other side were US attorney Charles A. Douglas and *carrancista* agents Luis Cabrera and Rafael Zubarán, defending the move.¹⁵⁸ The second schism was the break between Villa and Carranza. The *Times-Picayune* reported that a flow of \$1 million from US big business on the East Coast was halted as a result of the split.¹⁵⁹ José Vasconcelos experienced the cancellation of a loan for Carranza due to the conflict in Torreón between *villistas* and *carrancistas*.¹⁶⁰

The control and administration of the railroads was at the heart of the Mexican Revolution. Already under Porfirio Díaz, a circular published by Limantour provided for preference to Mexican employees in promotions to

¹⁵¹ *New York Herald*, 7 June 1914, p. 1.

¹⁵² *Times-Picayune*, 13 June 1914, p. 4.

¹⁵³ *Times-Picayune*, 1 July 1914, p. 1.

¹⁵⁴ Archivos de Relaciones Exteriores de México, L-E-812 R, Leg. 2, folio 215.

¹⁵⁵ Katz, *The Life and Times of Pancho Villa*, pp. 317–18.

¹⁵⁶ *Ibid.*, pp. 391–3, 477, 620–1. ¹⁵⁷ Salgado, *La industria petrolera en México*, p. 126.

¹⁵⁸ *New York Herald*, 28 June 1914, p. 6.

¹⁵⁹ *Times-Picayune*, 6 July 1914, p. 1.

¹⁶⁰ José Vasconcelos, *La tormenta*, p. 112.

replace Americans then manning the railroads.¹⁶¹ The Mexicanisation of the railroad personnel was part of Madero's party platform in July 1911, and some progress was made toward that end during his administration. After the American invasion of Veracruz on 22 April 1914, President Huerta issued a proclamation removing all of the foreigners from the railroad personnel.¹⁶² John Lind in November 1913 advised that he enjoyed the confidence of the American managers of the railroads in Veracruz and could arrange for their support in the case of intervention.¹⁶³ Huerta's fear was probably justified. Huerta's action was met by demands from American and European bondholders that the American officials be reinstated.

Nationalist positions over the railroads characterised opposing factions in the Mexican Revolution. The *carrancista* Carlos Basave in July 1914 lamented economic dependence on foreigners in general and urged the goal: 'conquistar la independencia económica.'¹⁶⁴ Francisco Loria claimed that the system favoured importation from the United States rather than internal, domestic commerce. He argued that New York bankers in alliance with E. N. Brown controlled the National Railways. Loria was opposed to Brown as president of the National Railways, who favoured using US engineers, and called for Mexicanisation of the railroads.¹⁶⁵

With the occupation of Mexico City by his forces in August 1914, Carranza ordered the occupation of the central offices of the National Railways of Mexico.¹⁶⁶ Interest on the railroad bonds had not been paid to foreign investors since 1913; now the revolutionaries were in direct control of the revenues of the National Railways of Mexico.

In September 1914 Carranza toyed with the option of selling control of the National Railways to Henry Clay Pierce, who reportedly owned \$115,049,000 of bonds of the National Railways of Mexico.¹⁶⁷ The immediate advantage would be a source of income for Carranza. But Pierce did not take the offer. Instead, in a remarkable turnabout, he decided to confiscate the company. E. N. Brown was ousted, a meeting of the new board elected *carrancistas*: Carlos Basave as chairman, Luis Cabrera as executive president, Alberto Pani as first vice-president.¹⁶⁸ In November Pani was named Director of the Constitutionalist Lines. By 4 December 1914 all the railroad lines fell under military control and would continue thus for the next ten months.¹⁶⁹

¹⁶¹ *New York Times*, 29 June 1913, II, p. 2 ¹⁶² Hanrahan, *The Bad Yankee*, vol. 2, D-198.

¹⁶³ Coker, 'United States-British Diplomacy,' p. 166.

¹⁶⁴ Carlos Basave y del Castillo Negrete, 'Introducción,' Francisco Loria, *Lo que ha sido y debe de ser la política ferrocarrilera de México* (Mexico, 1914), p. 10.

¹⁶⁵ Loria, *Lo que ha sido y debe de ser*, pp. 57, 97-105.

¹⁶⁶ Molina Font, *El desastre de los ferrocarriles de México*, p. 21.

¹⁶⁷ *New York Times*, 6 Sept. 1914, p. 3. ¹⁶⁸ *New York Times*, 16 Oct. 1914, p. 17.

¹⁶⁹ John H. McNeeley, *The Railroads of Mexico: A Study in Nationalization* (El Paso, 1964), p. 27.

In fact, Carranza did not have the money to buy up the railroad bonds; there was no legal transaction leading to government ownership of the National Railways of Mexico.¹⁷⁰ The company did not return to management by the private investors until 1 January 1926.¹⁷¹ Powerful, New-York based, railroad-consolidating companies previously allied with Porfirio Díaz and Huerta – J. P. Morgan and Co., Speyer and Co., Kuhn, Loeb, and Company – lobbied in late 1914 for the USA not to make any decision on the servicing of the Mexican national debt on the loans given to Huerta, which Carranza refused to recognise, until a Mexican government was diplomatically recognised by Washington.¹⁷² However, Carranza ‘agreed to examine US claims for damages suffered during the revolution and was returning confiscated properties to their former owners,’¹⁷³ so that President Wilson decided to recognise the Carranza government by October 1915; US pressure to service the railroad debt came to nought because of these other factors, as well as Carranza’s de facto military domination.

Eulalio Gutiérrez, elected president by the Military Convention of Aguascalientes in November 1914, formulated a railroad policy in opposition to Venustiano Carranza and Pancho Villa. He proposed to end the military administration and to return the system to the company that owned them, and in which the Mexican government had important representation.¹⁷⁴ Another circular was issued clarifying the intent of the government of the Convention to indemnify the company for the military occupation of the railroads and to Mexicanise the administrative personnel of the railroads. This circular, signed by Gutiérrez, was actually written by his secretary of education, José Vasconcelos,¹⁷⁵ a man recently in the service of the railroad magnate, Henry Clay Pierce. This attempt to win the support of US business interests failed, since Eulalio Gutiérrez was seen as ‘one of the most radical leaders of the revolution’.¹⁷⁶ He and Vasconcelos also advocated the distribution of land and the subdivision of the *latifundios*.¹⁷⁷ With the exception of agreement on the Mexicanisation of railroad personnel, they were pursuing two policies – on land reform and railroads – that went counter to Carranza’s practices.¹⁷⁸

The Pearson oil interests in Mexico were debated by the revolutionaries at the Convention of Aguascalientes in 1914. Well aware of Pearson’s alliance with Porfirio and Félix Díaz, Felipe Gutiérrez de Lara echoed Vasconcelos’s

¹⁷⁰ Thompson, *Trading with Mexico*, p. 111. ¹⁷¹ McNeeley, *The Railroads of Mexico*, p. 33.

¹⁷² Zebadúa, *Banqueros y revolucionarios*, pp. 92–3.

¹⁷³ Katz, *The Life and Times of Pancho Villa*, p. 529.

¹⁷⁴ José Vasconcelos, *La tormenta*, 243; manifesto signed by Eulalio Gutiérrez dated 13 Jan. 1915. ¹⁷⁵ *El Paso del Norte* (El Paso, Texas), 20 March 1915, p. 2.

¹⁷⁶ Mason Hart, *Revolutionary Mexico*, p. 295.

¹⁷⁷ Vasconcelos, *La tormenta*, pp. 242, 183–184.

¹⁷⁸ Katz, *The Secret War in Mexico*, pp. 319–21.

argument that the Pearson oil interests in Mexico were an anti-constitutional monopoly which should be opposed. The *Zapatista*, Antonio Díaz Soto y Gama, however, defended Pearson specifically: ‘Estamos en los momentos precisos en que, para la salvación del país, se necesita más que nunca el aporte de capitales extranjeros.’¹⁷⁹

Henry Clay Pierce suffered the biggest loss of property in the Mexican Revolution when the National Railways of Mexico were confiscated by Carranza in August–September 1914. Isidro Fabela claims that, while he was secretary of foreign relations, Carranza never granted Pierce a single oil concession, for ideological reasons.¹⁸⁰ Pierce did not stand to make political gains with Carranza, for all his meddling in Mexico to support him. He no doubt fared better during 1915–1920 with Manuel Peláez, the military caudillo of the Tampico oil region. Jonathan C. Brown claims that Waters-Pierce Oil Company withered during the Revolution. In fact, it was replaced by the Pierce Oil Corporation, incorporated 21 June 1913, the assets of which grew from \$34,074,924 in 1915 to \$60,378,257 in 1919. Henry Clay Pierce continued to specialise, not in oil production, but in marketing, with his 350 oil tank railroad cars in Mexico.¹⁸¹

It is ironic that the *New York Herald* could conclude in a headline: ‘Mr. Wilson and Carranza are Pawns in Big Game American Capital is Playing in Mexico.’ The article went on to declare: ‘The impression prevailed at Niagara Falls that American ‘big business’ managed and has provided the money for the Carranza revolution.’¹⁸² While support from US business interests at crucial moments helped Madero, Carranza and Villa win victories in the Revolution, it cannot be said that these caudillos were pawns of such interests. Often the companies operating in a particular territory in Mexico had to do business with the local caudillo regardless of the political preference of its owners. Official Washington circles were influenced by US business interests when lifting the arms embargo on Madero and Carranza, in the effort to arrest what was perceived as favouritism toward European interests by Porfirio Díaz and Victoriano Huerta. An alliance of Henry Clay Pierce, José Vasconcelos (agent for Madero and Carranza), and Sherburne Hopkins contributed to the favourable treatment of both Madero and Carranza by US business and political interests. More than one Mexican revolutionary realised the utility of

¹⁷⁹ Florencio Barrera Fuentes (ed.), *Crónicas de debate de las sesiones de la Soberana Convención Revolucionaria* (México, 1964), Tomo I, pp. 629, 620, 630.

¹⁸⁰ Isidro Fabela (ed.), *Documentos históricos de la revolución mexicana; revolución y régimen constitucionalista; III. Carranza, Wilson y el ABC* (Mexico, 1962), p. 359.

¹⁸¹ Jonathan C. Brown, ‘The Structure of the Foreign-owned Industry in Mexico,’ in Brown and Alan Knight, *The Mexican Petroleum Industry in the Twentieth Century* (Austin, 1992), pp. 8, 12; *Moody’s Analyses of Investments* (London, 1921), II., pp. 1048–9.

¹⁸² *New York Herald*, 11 June 1914, p. 1.

foreign capital flowing into its country: this is the reality that goes beyond the anti-Yankee rhetoric and seizure of foreign property commonly associated with the Mexican Revolution.

Rivalry between European and US interests in Mexico, as well as internal discord in the US business community there, was a considerable factor in the political instability of revolutionary Mexico during 1911–1914. If the percentage of total US investments in Mexico in oil was initially small, it played an inordinate role in the political and military disputes, because the players were aware of the much higher stakes in the future with vastly increased oil production in the explored lands of northeastern Mexico. The jockeying for control of the Mexican railroads by foreign interests and Mexican caudillos alike, as allies or as foes, only played into the hands of Carranza's nationalism and so suffered sweeping confiscation in August–September 1914.

The US military intervention in Veracruz of April 1914 was the action involving US business lobbying which had the greatest impact on the outcome of the Mexican Revolution. In second place, the overthrow of President Madero at the instigation of General Huerta and General Félix Díaz, with the tacit support of Weetman Pearson, had very strong repercussions through President Huerta's subsequent alliance with British business interests in Mexico. Thirdly, the intervention of US federal officials in favour of the *maderista* revolution in May 1911 in conjunction with US business pressures and loans was the best example of the effective coordination by US government and business dealings in Mexico stopping short of a military superpower imposition. Other loans and bribes made by foreign interests to influence Mexican policy without official governmental meddling had much less impact than the three aforementioned cases. In the final analysis, the competition among foreign interests for economic advantages in Mexico, not only during 1911–1914, but also later, contributed significantly to the attitudes in official Mexican circles that led to the Mexican nationalisation of railroad interests in 1937 and the Mexican national expropriation of oil in 1938.