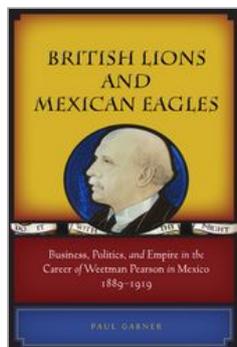


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British Lions and Mexican Eagles: Business, Politics, and Empire in the Career of Weetman Pearson in Mexico, 1889-1919

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British Lions

Business and Politics in Late Victorian and Edwardian Britain

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[–] Abstract and Keywords

This chapter examines the political and economic environment of late Victorian and Edwardian Britain from which Weetman Pearson emerged to build his Mexican business empire. It explains that Pearson was already a successful public works contractor when he started his first venture into overseas contracting in the 1880s. This chapter highlights the interplay of politics and business in Pearson's career and explains that he became a member of the House of Commons in 1895 and the House of Lords in 1910 when he was granted a peerage.

Keywords: Weetman Pearson, political environment, economic environment, Victorian Britain, Edwardian Britain, Mexican business empire, public works contractor, House of Commons, House of Lords, peerage

“If I were asked to define the two principles of Liberalism, I should select these: Do unto others as you would be done unto, and, secondly, fair play and equal opportunity.... If these principles were given effect, Socialism or Bolshevism could not arrive in this country.”

—Pearson to the National Liberal Club 31/03/1922.

(SMA: PEA Box F5 *Westminster Gazette* 1922)

This chapter focuses on the origins of the parallel career of Weetman Pearson as businessman and politician in late Victorian Britain. His business career is examined in the context of the new opportunities for contracting provided by developments within the Victorian economy and the growth of business opportunities overseas. His political career will be viewed through the prism of his long career as Liberal MP for Colchester (1895–1910) as Liberal peer of the realm (from

1910 until his death in 1927)—a period in which the Liberal Party was a major force in British politics, although it was increasingly clear after 1910 that its force was in serious decline.

Although Pearson always devoted far more time and energy to his business activities than to his political ones, this chapter will argue that the linkages between the two were profound. Always a highly political animal, Pearson used his political career as a vital source of support for his business activities—and vice versa. As a Liberal MP and Liberal peer between 1895 and 1927, and one of the Liberal Party's principal benefactors throughout this period, his proximity to the sources of political **(p.32)** decision-making and to the decision-makers themselves was clearly a considerable advantage to an entrepreneur whose business consisted of contracting for public works. At the same time, it is also important to emphasise that his contracting business was already well established before he entered Parliament in 1895. He therefore had no special reason to seek political office in order to further his business career. Nevertheless, his career remains a clear example of the importance of political contacts in the advancement of business success. In other words, political contacts may not have been essential to entrepreneurial success, but they undoubtedly helped. In Mexico, as will be demonstrated in subsequent chapters, they would prove to be of the utmost importance. Finally, the chapter also seeks to examine the guiding principles and practices of Pearson's business *modus operandi*, which would also be transferred to Mexico after 1889.

One of the most distinctive and dynamic sectors of the British economy which flourished in the Victorian era was that of construction and engineering, most clearly manifest in the transport revolution and the dramatic extension of Britain's domestic infrastructure of public works, railways, shipbuilding, and ports. Within the construction industry in Britain, competition was always fierce, but the business opportunities opened up by the planning and execution of large-scale public works and engineering projects were unparalleled. The impact of the transport revolution was felt not only in the domestic sphere, but also in the international arena. Although Britain was one of the earliest and most spectacular examples, the development of material infrastructure in the second half of the nineteenth century became a truly global phenomenon. The role of the contractor was central, and, arguably, the internationalisation of the contracting business was one of the key features of the Victorian era, with a central role in influencing or, as has been argued, even determining the nature of international development through the development of a world market for technical expertise, commodities, and capital.¹

Prominent amongst the individuals who helped to transform the infrastructure of Victorian Britain and that of many parts of the globe were the engineers and contractors, entrepreneurs such as Thomas Brassey, John Aird, John Norton-Griffiths, and Pearson himself, who built the railways, ports, and steamships which constituted the cornerstone of a transport and commercial revolution crucial to Britain's material progress, industrial development, and the domination of world trade and finance.² In this evolving capitalist nexus which reached its peak in the last quarter of the nineteenth century, the prominent role played by the City of London was central.³ Those countries on the periphery of international capitalist development which aspired to extend their internal processes of state- and nation-building (such as Mexico), and, therefore, **(p.33)** to gain access to the latest industrial technology and capital for infrastructural investment, were inexorably, although never unconsciously, drawn into the City's web. These growing international connections and mutual aspirations not only explain Pearson's arrival in Mexico but also form the broader context for the extension of his Mexican business empire.

As already stated, the intersections between business and politics are essential to the understanding of the career of Weetman Pearson. Pearson's background and experience in construction and contracting provided him with the necessary experience to take advantage of the new business opportunities which opened up at home and abroad. His immersion into Liberal politics provided him with further business opportunities, and the means through which to link his business interests and his talent for political networking with his social aspirations of assimilation into the upper ranks of the British establishment.

The Entrepreneurial Dynamic of Victorian Britain

It has long been recognised that the final quarter of the nineteenth century presented unprecedented, if not optimum conditions for the development and the internationalisation of business enterprise in Victorian Britain. As the distribution of resources and labour shifted incrementally from agriculture to industry, it was not just the structure of community and individual lives which were transformed, but even the physiognomy of the landscape. The list of contributory factors is a long one. The growth of population and labour mobility, changes in land tenure and usufruct, the development of technology and new sources of energy, increasingly secure access to capital through the growth and stability of international financial markets (with London at the core of the international system), the economic opportunities afforded by imperial expansion, and, last but not least, the widespread consensus and confidence amongst industrialists, entrepreneurs, and the professional middle classes in the onward march of science and material progress created not only the economic but also the political, psychological, and cultural foundations of what would later become seen, and not just by contemporary imperial nostalgists, as a “golden age” of British capitalism, industry, enterprise, and empire.

In an era in which the volume of international trade across the globe quadrupled, British participation, both in terms of exports and merchant shipping, was by far the most significant of any single nation. By 1885 (p.34) British exports constituted an exceptional 38 percent of world trade, and British merchant fleets transported over half of total world trade, at a time when Britain had less than 2 percent of the world's population. As we have already seen in the previous chapter, the flow of British investment overseas also reached unprecedented levels in this period—levels which had never been achieved before, and have never been achieved since. By 1900, Britain's overseas investments were twice as large as those of Germany or France, and twenty-four times those of the United States. The sum of British overseas investments by 1913 has recently been estimated to be the equivalent of as much as one-third of net national wealth. Put simply, by the second quarter of the nineteenth century, Britain had become, in the words of Theodore Hoppen, the “first industrial nation,” the first urban industrialised economy in the modern world, and the world's leading trading nation. It became “the richest country the world had ever known.”⁴ It was, in short, by the end of the nineteenth century, a “global superpower.”⁵

In the recent historiography of the British Empire there is clear evidence of a spirited revival of a genre of benign imperial narrative with the recent publication of a new crop of revisionist interpretations of empire.⁶ For others, however, this demonstrates little more than the manifestation of a characteristically smug example of British chauvinism.⁷ The triumphalist revival nevertheless requires some important qualifications.⁸ In the first place, the internationalisation of the contracting business from which Pearson was ultimately to benefit so spectacularly in Mexico was not simply a reflection of expansion, but rather a response to a serious depression in the British domestic economy in the 1870s, as industrial competition emanating from Germany, Japan, and the United States had begun to disturb any sense of

complacency regarding British industrial preeminence.⁹ The impact of the economic depression on Pearson's business career was significant. As business opportunities at home declined, the logical step was to seek similar opportunities overseas. As indicated below, this explains the transfer of Pearson's main office from Bradford to London in 1884 and his assiduous tendering for overseas contracts throughout the latter half of the 1880s.

Second, a good deal of the published literature suggests that the much-vaunted entrepreneurial culture of late Victorian Britain was neither as strong nor as pervasive as has often been supposed, and did not necessarily create the optimum conditions for the development of business enterprise. In fact, much of the literature focuses its attention on the explanation for the failure of Victorian enterprise. Explanations of failure have sought to blame, *inter alia*, a lack of adequate investment, education, or training, state hostility or incompetence in the form of excessive taxation **(p.35)** and inadequate planning, obstructive labour practices, and even an all-pervasive “cultural hostility” to industrialisation.¹⁰

The “classic” structuralist explanation for the ultimate “failure” of Victorian enterprise is its relative political weakness—the argument that the business interests of an entrepreneurial middle class failed to conquer a divisive and inflexible class system and thereby to dominate British politics or to govern in its own interests. Despite relatively successful Liberal campaigns of the mid-century to replace mercantilist restriction with *laissez-faire* liberalisation of trade and commerce, and despite the strong links between businessmen or industrialists with the Liberal Party during a period of Liberal predominance in British politics, this line of argument suggests that the control of national politics remained in the hands of the landed aristocracy, in alliance with City financiers (the “gentleman capitalists” discussed in the previous chapter). This meant the continuation throughout the nineteenth and into the twentieth century of an economic and imperial policy which continued to support the Liberal shibboleths of “free trade, low taxation, and sound money.” Calls from British industry for fiscal protection from overseas competition and state investment in infrastructure, as practised by Britain's industrial competitors in this period, went largely unheeded. As a result, industrial performance declined.¹¹ In short, as the argument runs, there had been no “bourgeois revolution” in Victorian Britain, and the interests of industrialists and businessmen had failed to achieve political influence commensurate with their economic power.¹²

The historiography of British business in the Victorian and Edwardian eras is a flourishing and densely populated field. A particular focus of attention of this vast body of literature has been the multiple shortcomings of the late Victorian entrepreneur, often portrayed as amateurish, complacent, conservative, and indifferent to innovation, and thus one of the principal causes of business failure. While it may be true that some entrepreneurs were “guilty” of continuing to concentrate their efforts in the industries which had emerged from the era of the Industrial Revolution (textiles, coal, iron, machinery) and had failed to invest in the emerging technology-intensive, capital-intensive, and management-intensive industries of mechanical, chemical, and electrical engineering (such as those emerging in Germany and the United States), others had certainly not lost their capacity to innovate. Andrew Godley and Mark Casson argue that, far from failing, the large group of British entrepreneurs in the late Victorian period who had concentrated their energies into direct overseas investments across the globe, and not just within the confines of the British Empire, constitute a clear example of entrepreneurial success—a success, moreover, which has been largely ignored in the historiography.¹³ The **(p.36)** vehicle for successful British entrepreneurship in this era was, therefore, not the multinational but the small-scale enterprise known as the freestanding company, an organisation of

speculators, financiers, lawyers, surveyors and professionals with expert knowledge of the specific venture in a specific country—whether the project was plantation agriculture, mining, railways, banking, insurance, or public utilities.¹⁴ While the myriad British-owned free-standing companies were not innovative in terms of creating new technology, and lacked sophisticated managerial hierarchies, they were nonetheless highly effective in harnessing a combination of entrepreneurial and professional skills with financial expertise which proved to be highly effective as a business organisation.¹⁵ Godley and Casson argue that

Collectively this role of overseas entrepreneurship was enormously important. The stock of British foreign direct investment was 45 per cent of total global foreign direct investment in 1913. British Free Standing Companies-style overseas investments were, in other words, the key entrepreneurial route for integrating resources into the global economy at the time, not the world's emerging giants in automobiles, chemicals and electricals.¹⁶

While the model of the British overseas free-standing company is important in understanding the nature of enterprise in late Victorian Britain, it does not fully explain the nature or structure of Pearson's business activities in Mexico. As will be shown in greater detail in the following chapters, his major public works projects certainly do not fit the model, since they did not require the direct investment of private capital under the aegis of a private company. Rather, they were government projects commissioned, financed, and managed by the Mexican state, and Pearson's role was that of public contractor rather than private investor. Even his most important Mexican company, Mexican Eagle Petroleum (El Aguila), was not technically a free-standing company, since it was registered not in London but in Mexico, and its board of directors comprised prominent Mexican businessmen and financiers. However, Pearson's many subsidiary companies which developed as a consequence of his public works contracts, such as his investments in railways, mines, public utilities, and land, shared the characteristics of free-standing companies.¹⁷

Even if it is conceded that favourable conditions for business enterprise did exist in the late Victorian era, especially abroad, it is important to stress that entrepreneurial success for British businessmen was far from inevitable, whether they participated in free-standing firms or in other enterprises. In the case of British enterprise in nineteenth-century Latin America, as indicated in the previous chapter, because of the multiple logistical (as well as political and cultural) challenges they had to overcome, **(p.37)** while there were spectacular successes for a handful of individuals, there were many more examples of business failures and shattered illusions. This was very much the case in Mexico. As Francisco Bulnes, one of the most acute, most acerbic, and most influential of Mexican intellectuals of the Porfirian era, famously remarked, “What foreign capitalists in Mexico have lost as a result of bad business is vastly more than what they have earned from good business.”¹⁸

Under these circumstances, individual agency was a vital factor. As Asa Briggs pointed out many years ago in specific relation to the contracting business in which Pearson initially made his mark, while Victorian contractors enjoyed considerable freedom of action, at home, and especially abroad (where regulation, as will become clear in the case of Mexico, was often less strict), they were nevertheless obliged to operate in a highly competitive market. The successful contractor had to develop and deploy a range of key skills; knowledge of bricks and mortar (not to mention the most important materials of the age—iron and steel); the management of a large and heterogeneous workforce; knowledge and manipulation of sources of finance; and, last but not least, considerable political capacity, not only to secure contracts, but to complete them.¹⁹

As he would prove on many occasions over his long career, Pearson was highly capable and highly effective in each of these domains. In fact, Pearson's ability to harness the skills and talents of a range of managers and employees and to create an extraordinarily diverse and vertically integrated business organisation which employed many thousands of men around the globe, all controlled by a single, privately controlled holding company (S. Pearson and Son), suggests that Pearson might well be seen as the model of a late Victorian entrepreneur.

The Origins of the Pearson Business Empire

The origins of the Pearson family business were far more humble than those of the multinational giant which it later became. They are well documented and have been narrated many times.²⁰ Samuel Pearson, Weetman's grandfather, who provided the original name for the family firm, had taken advantage of the economic opportunities provided by the exponential growth of the Yorkshire industrial towns of Huddersfield and Bradford east of the Pennines at the centre of the woollen and worsted industries in the north of England. The populations of the principal industrial towns in the region had more than doubled in the period 1830–60: Bradford from 29,000 to 77,000; Huddersfield—home of the Pearson family—from 15,000 to 34,000; Leeds from 53,000 to 123,000.²¹

(p.38) Samuel Pearson had become a partner in a building and manufacturing firm in Huddersfield in 1844 and had made a modest success of the family business. In 1856—the year Weetman was born—Samuel brought his eldest son, George—Weetman's father—into the family firm, which thereafter became known as S. Pearson and Son. In the following year, the fortunes of the firm were considerably enhanced by the award of a contract for work in the most dynamic sector of the Victorian economy—the railway—with the extension and refurbishment of the Lancashire and Yorkshire Railway. With the firm's horizons expanding, Samuel moved his base of operations to Bradford, where his grandson Weetman was brought up and educated in minor public schools in Bradford and Harrogate.

Rather than continue his studies, Weetman left school at sixteen to learn his engineering, accounting, and management skills as part of his daily responsibilities. He never obtained professional qualifications, either as an engineer, surveyor, or accountant, although through experience he became both highly knowledgeable and proficient in all three. He proved, however, to be not only capable, but diligent and hardworking, and in 1874, at the age of eighteen, his father placed him in charge of the firm's brickyard at Cleckheaton. Whilst this may have not been the most glamorous undertaking for an ambitious young man, brick manufacture was nevertheless one of the most dynamic industries of the Victorian era.²²

Partly as a reward for his diligence and application at Cleckheaton, and partly as an opportunity to seek out new markets, Weetman's father sent him on a tour of the United States in the summer of 1875. It proved to be a memorable experience—both in terms of his personal development and his exposure to the wealth of business opportunities for contractors available in the Americas in the late nineteenth century, as his personal diaries recorded in great detail. He travelled from New York—where he was very impressed by the early phase of the construction of the Brooklyn Bridge—to Montreal, Toronto, and Chicago. In St. Louis he was so moved by the bridge over the Mississippi that he described it as “the finest feat of engineering skill in the world.”²³ He travelled by paddle steamer to New Orleans, and, for the first time but certainly not the last, he visited the Gulf of Mexico—the future site, many years hence, of his oil business—which, significantly, and perhaps prophetically, he described as an “earthly Paradise.”

His reflections on this trip are significant. Although he considered that in terms of engineering and technological progress there was little to distinguish Chicago from Leeds or Bradford at this time, he was most impressed by the levels of energy, ambition, and enterprise in the Americas and, above all, by the business opportunities it afforded. He wrote in his diary: "I returned with an intense admiration for Americans. I marvelled **(p.39)** at their progress during their short hundred years as a nation ... some of their methods were instructive and their energy and ambition infectious."²⁴ These contagions would last throughout his lifetime, and they prompted him later to seek (and obtain) the firm's first overseas contracts in Canada and the United States in the 1880s. It was from this base that he would embark on his first business venture in Mexico in 1889.

Following his return to Yorkshire, Pearson's career within the family firm took on a new dimension. At the age of twenty-one, in 1877, he was given charge of the firm's most important contract to date—the construction of a new drainage system for the Lancashire coastal town of Southport. Although it was far from the most lucrative contract the firm would undertake, Pearson himself later described it as one of the most difficult he had ever undertaken, given the nature of the sandy subsoil where the foundations had to be constructed. In 1879, soon after the completion of the Southport contract, his grandfather Samuel retired, and Weetman became his father's sole partner. This elevation brought with it new responsibilities, particularly financial ones. As Pearson again confided shortly before his death to his biographer J. A. Spender, it was clear that, because of his father's distinctly cavalier attitude to bookkeeping, the firm's overdraft (with the Yorkshire Banking Company of Bradford, with whom Pearson retained his account throughout his career) was not supported by the firm's assets or prospects. Dealing with his father's casual attitude to finance, which at times appears to have bordered on profligacy, arguably made the young Pearson even more fastidious in his attention to detailed costing and accounting, and to the elaboration of a basic philosophy of business practice, which could be summed up in one of his favourite homilies, founded, as always, on familiar Victorian clichés: "The coat must be cut according to the cloth."²⁵

With the cloth of the family firm looking distinctly threadbare in the late 1870s, the young partner was determined not only to restore its ailing fortunes but also to establish his own independence. In 1879 the firm won two important contracts—the drainage system for Ipswich in Suffolk and the King's Lynn dock on the Norfolk coast. Pearson took personal charge of the detailed costings and the management of both contracts. As the records in the Pearson Archive testify, he was meticulous with both. The rigorous attention to the most minute technical and financial details of all of his tenders for his construction projects would become a hallmark of his business practice, and one of the secrets of his success.

The experience of Southport had prepared him for Ipswich, but he was much less experienced in large-scale dredging, the construction of underwater foundations and sea walls, and having to cope with tides, currents, and not-infrequent flooding.²⁶ The King's Lynn contract took **(p.40)** five years to complete, and, as Pearson himself confirmed, it consolidated the rudiments and the basic skills required for what would become the firm's subaquatic and underground specialisms—the construction of canals, tunnels, docks, and port works—which would, amongst other advantages, make his highly practical knowledge of engineering so invaluable to the developmentalist plans of the Mexican political elite.²⁷

One vital plank in the young Pearson's ambitious plans for the reorganisation of the structure and the future of the family firm remained unfulfilled—the relocation of the business to London—not only the national capital but also the epicentre of British domestic and imperial power, and the undisputed centre of international finance.²⁸ Relocation to London was also, as already indicated, a reflection of a change of fortune in the British economy in the 1870s and, in particular, the collapse of the railway boom which had been largely responsible for the expansion of the family firm.

The opportunity to broaden both his geographical and business horizons came in 1882 with a successful tender for the construction of a storm water sewer at Deptford in southeast London for the Metropolitan Board of Works. Two years later, Pearson achieved his ambition and moved the company's headquarters to London, first to Delahay Street, Westminster, and in 1888, to 10 Victoria Street.²⁹ A number of significant domestic contracts were won over the next five years—in the UK, the Sheffield Main Sewer (1884), the Milford Haven Docks in west Wales (1885), and the Empress Dock at Southampton (1886).

Even more significantly, in 1886 the firm won its first overseas contract for the Halifax Dry Dock in Nova Scotia, followed two years later, in 1888, by the firm's first overseas railway contract—a short line between Ávila and Salamanca in northwest Spain, the main purpose of which was to shorten the route between Madrid and Lisbon by more than 100 kilometres. The following year, Pearson won the contract to remove 30,000 cubic yards of sunken rock in order to widen and deepen access to the Egyptian port of Alexandria, under British occupation since 1882. This was a clear example of the international business opportunities opened up by imperial expansion in this era.³⁰ Also in 1889, Pearson was offered his most prestigious—and most dangerous—overseas contract to date, the completion of a mile-long tunnel under the Hudson River in New York City to connect the railway services which converged from the south and the west of Manhattan Island. The tunnel had been started in 1874 by the US contractor De Witt Haskins but was abandoned in 1882—with some 2,000 feet of tunnel completed—following the failure to find adequate capital to finance the project, and a serious accident which had killed over twenty tunnel workers. In November 1889, Pearson took over the tunnel. **(p.41)** At the same time, he began the negotiations with the Mexican Government for the Gran Canal contract which would take him to Mexico for the first time at the end of the following month.³¹

The transfer of Pearson's business operations to London augured a dramatic shift in fortunes. Over the next four decades S. Pearson and Son became one of the leading international contracting firms and an international business phenomenon. Between 1880 and 1920 the firm completed more than eighty worldwide engineering contracts, ranging from the distinctly unglamorous contract to upgrade the Deptford sewer in 1882, to far more prestigious projects on three continents, such as the Admiralty Harbour at Dover (1898), the Hudson and East River Tunnels in New York (1889 and 1904), and the Sennar Dam in the Sudan in 1922. They would also include railway and port installations in Ireland, Spain, Chile, Brazil, and Colombia. However, despite the undoubted importance of his various international projects and his growing international reputation, the catalyst for the expansion of Pearson's international business empire would be, as we shall see in the next chapter, the Republic of Mexico.

Pearson and Liberal Politics

One of the most notable features in late nineteenth-century British politics was the incremental shift in the balance of power between landed and business interests, with the balance

increasingly tilted in favour of the latter.³² As indicated earlier, the question as to whether the Victorian and Edwardian periods of British history witnessed the triumph or the defeat of “entrepreneurial politics” is one which has generated considerable historiographical controversy.³³

It is nevertheless the case that the social and occupational background of MPs representing both the main political parties of the day, Liberal and Conservative, had shifted gradually in favour of commerce and industry by the end of the century, even if MPs from business or industrial backgrounds never constituted a majority over those from landed or professional ones. This leads us to the question as to what precisely attracted Pearson, and many other businessmen of his generation, to the Liberal Party in the early 1890s. Was it Liberal advocacy of a broad, Gladstonian range of moral and progressive causes? Or the profound clientalist links between business and party? Or the seductions of political power in a period of Liberal ascendancy in British politics?³⁴

Even the most cursory glance at the extent of Pearson's restless hunt throughout his lifetime for business opportunities demonstrates his preference for business rather than politics. Nevertheless, politics was a vital **(p.42)** part of his life, although it was always subordinate to business. In fact, it needs to be understood primarily as a component of, and an adjunct to, his business activities.

In ideological terms Pearson was a pragmatic and conservative Gladstonian Liberal, although he also demonstrated a degree of enthusiasm for the “social radicalism”—especially on questions of social and labour reform—of the Edwardian or “New” Liberalism espoused by the Campbell-Bannerman and Asquith governments between 1905 and 1915. Gladstonian Liberalism covered a broad and far from uniform ideological spectrum. It was characterised by its advocacy of private, individual, Protestant (and nonconformist) moral values. These combined self-reliance and temperance with public action to promote equality, social improvement and material progress, religious toleration, and anti-clericalism, and to challenge corruption and privilege, especially the monopoly of power and wealth exercised by landed interests (despite Gladstone's personal support for aristocratic privilege and hereditary title).³⁵ In general, mid-century Liberals supported electoral reform (if not universal, and certainly not at this stage, female suffrage), constitutional reform, and the principle of national self-determination. There was, of course, considerable internal debate and division within the party over the practical application of these principles. The implementation of the principle of self-determination in the context of the cause of home rule for Ireland, for example, provoked internal schism and split the party in 1886. A less charitable and more cynical assessment would suggest that Gladstonian Liberalism promoted a narrow chauvinistic version of British identity, exalting the myth of the “free-born, self-reliant Briton, resistant to tyranny and taxes, proudly Protestant ... luxuriating in the sense of British superiority to European rivals.”³⁶

Liberal economic policy in general tended to favour low taxation and the principle of free trade over protectionism or state intervention. Although “New” Liberalism after 1906 continued to pursue many of these goals, it was far more committed to the intervention of the state—through regulation and the provision of state services—to improve the material and moral condition of the most vulnerable members of society, in particular the sick, the elderly, and the unemployed, and to establish trade union rights.³⁷ This new social radicalism produced a wave of legislative initiatives between 1909 and 1911 to provide national insurance, unemployment insurance, and

retirement pensions, the basis for the subsequent development of the welfare state over the course of the twentieth century.

Pearson paid lip service to most, if not all of these causes over the course of his political career, but the evidence—which is itself limited by his less than active participation in the day-to-day business of the House (**p.43**) of Commons—suggests that he adopted a cautious, conservative, and pragmatic approach, and a focus on a limited number of causes, especially ones which related to his business interests. Not surprisingly, as a contractor often paid in foreign government bonds (see below), he remained an advocate of financial stability, “sound money,” and the gold standard. In a similar vein, the nature of his overseas business interests—he was not a manufacturer threatened by overseas competition—and his oft-repeated belief in the sanctity of “fair play” and “equal opportunity” (as demonstrated in the epigraph to this chapter) dictated that he would be an advocate of free trade over protective tariff reform.³⁸ On the vexed question of home rule for Ireland, he was a moderate, supporting the right of autonomy and self-determination, but strongly opposed to the creation of an independent Irish state. He made reference in his campaign literature to the evils of alcohol and the benefits of temperance but certainly did not practise abstinence in his private life.³⁹ Already a baronet before he entered Parliament in 1895, and a practising Anglican, he adopted a Gladstonian position, heavily influenced by self-interest and personal ambition, on the virtues of Christian morality and the importance of the landed aristocracy. This put him at odds with the more radical wing within the Liberal Party who advocated land reform and attacked landed interests. He was, as a result, parodied in the Conservative press for his extensive land-holdings (some 20,000 acres in England and an additional 15,000 in Scotland), which made him, as a journalist from the *Times* ironically commented, “just the sort of man to advise Mr. Lloyd George when he is next attacking the iniquitous land system.”⁴⁰

In keeping with the notorious factionalism within the Liberal Party, this moderate stance drew Pearson into the camp of Liberal Prime Ministers Lord Rosebery (1894–96) and Herbert Asquith (1908–15), two of his closest associates within the party. Like them, he was a committed “Liberal-Imperialist,” a supporter of centrist, pragmatic, and fundamentally conservative programme of “national efficiency” in domestic affairs and “sane Imperialism” abroad—the maintenance and consolidation, as opposed to the extension, of empire. Pearson served as an elected member of the Imperial Liberal Council after 1900, the platform for the Liberal-Imperialist faction of Liberal MPs in opposition to the Conservative governments of Salisbury and Balfour.⁴¹

While Pearson was clearly a conservative Liberal “plutocrat,” he was nevertheless also supportive of social and labour reform, and advocated the cause of progressive income tax, retirement pensions, sickness and industrial insurance for workers, and, in particular, female suffrage.⁴² He also, for very practical reasons as an employer of many thousands of men over the course of his business career, took close personal interest in the (**p.44**) question of labour.⁴³ In his address in October 1920 to the students of Aberdeen University following his election as rector, he gave a public speech on the subject of “Labour: Its Problems and the Ideal Wage.” Here he provided a characteristic “common-sense” distillation of his practical experience of more than forty years of dealing with the problems between management and labour. Disdaining systems which placed the decision over the level of wages exclusively to either employers or the state (although he was especially disdainful of the latter), he instead advocated the principle of partnership between labour and capital, while at the same time basing his proposals on the firm belief that “men are not equal in either hands or brains.” His solution to the determination of the

“ideal wage” had three basic components: first, a minimum wage “to secure that no man or woman shall receive less than will enable him or her to maintain a relatively decent standard of existence”; second, variable pay “according to the output of the individual”; and third, a further variable (or bonus) based upon the final outcome of the transaction. In short, he advocated the principle of “piecework with a guaranteed minimum, and a bonus on profits.”⁴⁴

Pearson and the Liberal Party

Pearson had formally entered politics in 1892, when he was persuaded to contest the safe Conservative seat of Colchester in Essex for the Liberal Party, despite the fact that he had no personal or political connections with the town. Colchester was a small but growing urban centre with a small industrial base. It was one of the town's leading businessmen, James Paxman, a partner in the town's principal ironworks, and Liberal councillor and former mayor of Colchester, who invited Pearson to stand for election. It has been suggested that local Liberals believed that bringing in an outsider, especially a young Liberal businessman with a national profile, would improve their chances of electoral success. If so, they were right.⁴⁵ Although he failed to be elected at the first attempt, Pearson subsequently won the seat in a bye-election in 1895. He hinted at the time that he had not voluntarily entered politics, but that he had been persuaded to contest the seat. He also showed that he had a less than profound knowledge of the details of electoral politics, and a rather inflated view of his own importance:

I have had to fight a Bye Election at Colchester. It has been a hard fight, but I have secured a majority of 263. The Government are in a tight place, and they relied upon my winning this seat. It is considered by those in the know that if I (**p.45**) lost the Government would be unable to continue in office, but with my victory, I think they will get over the Session alright.⁴⁶

As already indicated, Pearson was very far from being a model constituency MP. There were aspects of professional political life for which he clearly had little or no patience. His detachment from, disinterest in, and even distaste for the House of Commons are apparent from his private correspondence. He confided to his wife after his first visit to Westminster in February 1895 that he found the House of Commons "a waste of time."⁴⁷ His frequent absences—mainly on business trips to visit his Mexican enterprises, which took up an average of three months a year between 1895 and 1912—earned him the epithet amongst his fellow MPs of the "Member for Mexico." He was, as a consequence, a less than regular participant in the day-to-day business of the House.⁴⁸ He nevertheless held this marginal seat for the next fifteen years, eleven of which coincided with a period in which the Liberal Party was out of government. The fact that he had been able to keep his Conservative opponents at bay seems to have been far more important than the implementation of any specific political project or policy. Following his third reelection as MP for Colchester in 1906, he indicated that he approached competition in politics very much as he approached competition in business:

Colchester ought, by rights, to belong to the Conservatives, as it is a Conservative seat, but thanks to good organisation and hard work, I have now been able to retain my seat there for four elections.⁴⁹

Despite his failure to represent his constituents in the House of Commons, on the evidence of his two subsequent reelections (in 1900, when he was reelected despite the Liberal Party's defeat at the national level, and again in 1906), he appears to have been an efficient and effective electoral campaigner. He was certainly not above adapting his philanthropic urges to the cause of electoral success. Prior to his first election in 1895, he agreed to fund a free library for the town's citizens.⁵⁰ This act of philanthropy—characteristic of Pearson's general *modus operandi*—cannot have failed to make an impression on his constituents. His opponents accused him of other forms of largesse which were potentially more controversial. At successive elections his Conservative opponents accused him of using a "lavish outpouring of wealth" in order to

influence and suborn voters. There appears, however, to be little evidence to support these claims.⁵¹

Pearson, in short, was never a profound political thinker, and less still an ideologue, but rather a political animal with acute political antennae and an intense loyalty to the party. This loyalty, manifest in his frequent **(p.46)** contributions to party funds and, as outlined below, donations to keep the Liberal Party's mouthpiece the *Westminster Gazette* from bankruptcy, brought him significant personal rewards and honours. As indicated above, Pearson was awarded a baronetcy in 1894 by Prime Minister Lord Rosebery, ostensibly in recognition of his firm's construction of the Blackwall Tunnel under the Thames (1891-97). In 1910, the Asquith government recommended Pearson for a peerage. He chose to associate his title (Baron Cowdray) with the 13,000-acre property which he had acquired in Midhurst in Sussex, formerly owned by the Earl of Egmont and known as the Cowdray Estate. He entered the House of Lords as Baron Cowdray of Midhurst, and henceforth would be referred to as Lord Cowdray. In 1917, coinciding with his appointment as a privy councillor and as a member of David Lloyd George's wartime cabinet as president of the Air Board, he was "promoted" to viscount.

Despite the association of Liberal governments after 1905 with political corruption and scandal, including the sale of honours, there is certainly no evidence that Pearson used his wealth to "buy" his peerage in 1910.⁵² Nevertheless, G. R. Searle's detailed study of corruption in British politics in the era of Liberal predominance states without equivocation that Pearson's peerage had "undoubtedly" been secured as a consequence of his "generosity to party funds."⁵³ The broader political context also needs to be understood. The elevation of prominent Liberal supporters to the House of Lords had been part of the strategy of the Liberal government after 1905 to challenge the overwhelming predominance in the Upper Chamber of Conservative peers and their propensity to block legislation already passed by the Liberal House of Commons. A number of bills across a broad spectrum of social legislation from education to licensing laws had been passed by the Commons between 1906 and 1908, but then halted by the House of Lords.

The conflict reached a point of constitutional crisis in 1909 with the rejection by the Lords of Liberal Chancellor Lloyd George's radical "War Budget" of 1909 ("war" in this context was the battle "against poverty and squalidness"), which controversially sought to redistribute wealth through the introduction of graduated taxation.⁵⁴ The Lords had thus provocatively ignored the long-standing convention that finance bills would receive automatic assent. The Liberal government fought a second general election in December 1910 on the specific platform of legislation (a Parliament bill) which would create 250 Liberal peers to challenge Conservative predominance in the Lords. Liberal victory in that election meant that the Lords were finally forced to capitulate to a reduction in their own powers of veto over subsequent legislation or face being overwhelmed by such a large number of new peerages. In the end the Lords capitulated, **(p.47)** but during the course of 1910, as an insurance against the failure of the bill, an unprecedented number of new peerages were created, including that awarded to Pearson.⁵⁵ Pearson explained to his wife that he was not only pleased with the honour, but also that he understood the context in which it had been granted: "I am really glad it has come. I expect there will be a settlement with the Peers about their veto—but there may not. In any event we will come in under the old regime."⁵⁶

Even if Pearson did not receive his peerage as a direct result of his “generosity” to the party, there is evidence, albeit circumstantial, that he used his political contacts and wealth in more subtle ways for personal and business advantage. As already indicated, he had already established his reputation as a successful businessman prior to entering politics in 1895, and therefore it might be argued that he did not need to enter politics to further his business career. It might even be argued that entering politics might be detrimental to his business interests, given that, as a Member of Parliament, he was prevented by law (the Contractors Act of 1782) from tendering for government contracts. This problem, however, was solved through the registration of S. Pearson and Son as a limited company in 1897.⁵⁷ While this was perfectly legal, it was nevertheless perceived at a time of rising anxiety in Parliament and the national press over levels of political corruption as an evasion of “questionable morality.”⁵⁸ Ironically, Pearson himself claimed that this course of action had been suggested to him by the admiralty itself.⁵⁹ No less ironically, in the very same year, Pearson won the second-most expensive contract he was ever awarded from the British government—the complete refurbishment of the Admiralty Harbour at Dover.⁶⁰

It is, therefore, perhaps circumstantial but nevertheless a fact that the growth of S. Pearson and Son in these years was exponential, even meteoric, and coincided precisely with Pearson's tenure of political office. By 1901, four more directors had been appointed, and another four had been added by 1919, as a clear reflection of the dramatic expansion of the firm's activities after 1900. This expansion was also reflected in the acquisition of new premises in London in 1906 with the acquisition of the former location of the Whitehall Club at 47 Parliament Street, which became the centre of the firm's worldwide operations.⁶¹

Even if there was no direct link between his status as MP, his donations to the party, his “close association” with the party hierarchy, and the award of lucrative government contracts, Pearson became increasingly portrayed in the Conservative press in Britain as a leading member of the group of “Radical Plutocrats” described in his private diary by the chief whip of the Unionist Party (the name by which the Conservatives were known after 1886) in 1912 as a group which “vie with one another in (p.48) payment for honours and in recouplement via public contracts. Never before have such rumours been so prevalent, nor has there been so much ground for their foundation.”⁶²

Pearson's greatest contribution to British political life was undoubtedly his skill as mediator between different (and increasingly warring) factions of the Liberal Party, using his wealth and influence to grease the cogs of the party machinery. His various residences in London, Sussex, and the 15, 000-acre Dunecht Estate in Aberdeenshire were centres for regular social and political gatherings of the great and the good of the party hierarchy.⁶³ His skill as a behind-the-scenes political operator was seen to greatest effect, however, in his involvement with the political press, and in particular the financial support he gave to the leading Liberal evening paper in London, the *Westminster Gazette*, which he helped to save from imminent bankruptcy in 1908, and in which he acquired a controlling interest in 1918.

Pearson and the Fourth Estate

Pearson's interest in the press presaged a far greater involvement in publishing and the media which characterises the interests of the descendants of S. Pearson and Son, the Pearson Group of companies, especially since the late twentieth century.⁶⁴ It is also important to note here that the acquisition of a number of national and provincial newspapers under the auspices of the *Westminster Press* in Pearson's own lifetime was unlike all of his other enterprises worldwide, in that profit did not appear to have been the principal motivation. This was, first, because the financial rewards of newspaper ownership were notoriously precarious⁶⁵ and, second, because the newspaper with which he became most intimately involved, the *Westminster Gazette*, was one of the most overtly political newspapers of its day.

In a survey of the twenty-one major metropolitan papers published in London in 1904, the former editor of one of the less-influential daily newspapers noted that the *Westminster Gazette*, despite its daily circulation of no more than 20,000 copies, ranked alongside the *Times* as the most influential political newspapers of the period prior to the First World War. As Stephen Koss indicates, this was still an era in which politicians or syndicates made up of party supporters established, owned, and managed specific newspapers aimed at very specific political constituencies. He describes the *Westminster Gazette* as being exclusively “as its name proclaimed, aimed at a circulation within Parliament and its environs ... (and) read by men of both parties.”⁶⁶ Its influence within national politics (p.49) in general, and within the Liberal Party in particular, was therefore profound. Prior to the expansion of the mass media over the course of the twentieth century—which competed for and subsequently came to dominate the reporting of news and opinion—newspapers had constituted the most powerful and influential means of expressing and influencing political debate, and the mutual dependence of Liberal politicians and the editors and journalists who worked in the political press was extremely strong. As Koss describes it, in this period “newspapers held a monopoly on the commodity of propaganda.”⁶⁷

Its influence was, however, not destined to last, and the fate of the political organs (such as the *Gazette*) which were party mouthpieces mirrored that of the Liberal Party itself as its political fortunes dramatically declined in the 1920s. The extension of the franchise, the rise of class politics in postwar Britain which the Liberal Party had always been reluctant to countenance, the subsequent rise of the Labour Party, and internal factionalism combined to undermine the Liberal Party as an electoral force. Moreover, political failure was compounded by business failure. Although Pearson spent enormous sums (apparently in excess of £1 million sterling) between 1918 and 1921 in acquiring a controlling interest in the *Gazette* as part of the Westminster Press group (which controlled a number of provincial newspapers), and in vainly attempting to increase its circulation by converting it from an evening to a morning newspaper, the *Westminster Gazette* finally folded in 1928, the year after Pearson's death.⁶⁸

Pearson's “generosity” toward the *Gazette* was also clearly inspired by his personal desire to keep it as the mouthpiece of the Asquithian wing of the party in order to support its ongoing feud with Lloyd George. In this sense Pearson clearly helped to fuel a bitter internal feud which itself contributed to the demise of the Liberal Party. Pearson's personal antipathy toward Lloyd George was profound. He had been unable to forgive the prime minister for causing what he saw as his own public and political humiliation at the end of 1917. Having been invited to join Lloyd George's wartime coalition cabinet as president of the Air Board in early 1917, he took on the task of acting as a broker between the Army and the Navy in the design, allocation, and distribution of aeroplanes and seaplanes for the varied needs of the Allied war effort—defence

against air raids, antisubmarine patrols, and the bombing of enemy positions. He also became a strong advocate of the creation of a separate Air Ministry and an autonomous Air Force. He naturally expected to be nominated as the first Secretary of State for the Air, but in November 1917, an open letter was published in the *Times* from Lord Northcliffe rejecting the prime minister's offer to him (Northcliffe) to take charge of the Air Ministry. Pearson had not been consulted on this appointment and felt not only humiliated but **(p.50)** also profoundly angry and bitter. He never forgave Lloyd George for the rest of his life. He wrote immediately and curtly to the prime minister to offer his resignation:

It ought not to have been left to me to receive from Lord Northcliffe's letter to the *Times* the first intimation that you desire a change at the Air Ministry, and I think in consequence you cannot be surprised to receive my resignation. I hope it will be accepted with as little delay as possible so that the work of the department may not unduly suffer during the transfer of my duties to my successor.⁶⁹

The point to emphasise here is that the evidence provided by his strong involvement with the *Westminster Gazette* demonstrates a visceral link between business and politics in Pearson's career. In his lifetime, Pearson was less than candid about his personal motivations for delving into the treacherous waters of newspaper proprietorship. His biographer J. A. Spender, who himself was editor of the *Westminster Gazette* until 1921—and as such once was described by one contemporary as “an unofficial member of the Liberal Cabinet”—is more explicit regarding the primacy of political over commercial considerations in Pearson's case. Spender suggests that Pearson considered that the *Gazette* should first of all be “an organ of opinion expounding the Liberal view,” and only after that, “if at all,” to earn dividends for its proprietor.

Koss is also clear that, in the heyday of the political press, investments in newspaper enterprises “continued to pay political dividends” for those who invested. At the same time, he admits that these dividends are not always easy to compute. The individual who “assumed newspaper obligations” did so “to amplify his public voice, to defend constituency interests, and generally impress the party chiefs by his dedication. For aspiring politicians as well as apologetic ones, involvement with the press complemented parliamentary service.... All craved recognition.”⁷⁰

While Pearson's involvement with the political press in Britain was profound, there is also evidence from Mexico of Pearson's recognition of the importance of the press as a vehicle for exercising political influence and for spreading propaganda.⁷¹ For example, during the early stages of the Mexican Revolution, Pearson showed a profound desire to foster good relations with the new revolutionary government of President Francisco Madero, and he welcomed the invitation of Madero's brother Ernesto to the manager of his Mexican interests, John Body, to take an “interest” in the Mexico City daily newspapers *Imparcial*, *Diario*, *El País*, and the English-language *Mexican Herald*. The Madero government was seeking to acquire control over these newspapers in order “to stop sensational [i.e., anti-government] news being so widely disseminated.” However, the proposed buyout never took place, since less than a week after **(p. 51)** the offer was made, a military coup was launched in February 1913 to remove Madero from the presidency.⁷²

Business Strategy and Modus Operandi: The Methods of the Contractor and the Secrets of Success

Before embarking on a more detailed analysis of the development of Pearson's business empire in Mexico after 1889, it is appropriate here to examine some of the key components of Pearson's general modus operandi in his business affairs which he would adapt to a Mexican context after 1889. This is particularly important given the emphasis here on individual agency and the exercise of entrepreneurial skills which combined with unprecedented historical opportunity (as explained in the previous chapter) to constitute two of the keys to understanding Pearson's entrepreneurial success in Mexico.

One of the most remarkable hagiographic portraits of Pearson came from the pen of political journalist and fellow Liberal Member of Parliament T. P. O'Connor in the *Pall Mall Magazine* in 1913.⁷³ No doubt responding to the press attacks which Pearson had attracted in the United States over his business affairs in Mexico during the revolution, O'Connor described Pearson as a "typical Yorkshireman," with his "robust frame, the cold, self-controlled voice and manner, the deliberate and terse speech, and a suggestion of grim yet genial strength." Warming to his theme, O'Connor compared him to Napoleon as "a natural-born ruler of men." He further highlighted self-confidence and meticulousness as two of Pearson's most significant characteristics:

Whatever happens, this cool, phlegmatic, quietly self-confident man will have no waverings, no dark hours, no nights without sleep. He measures the ground with such exactitude as perhaps has never been surpassed; with an instinct as to facts, figures, conditions, possibilities ... and having gone through all this preparation, he is perfectly satisfied; he has left nothing to chance; nothing is going to surprise, nothing is going to intimidate him.⁷⁴

The independent financier Henry Osborne O'Hagan gave the following glowing assessment of Pearson's character and achievement in his memoirs, published in 1929:

In my fifty-three years of City life I have come across men of all sorts. Many one would not take at their own valuation, but, on the other hand, there have been many brilliant men who had my keen admiration and respect. Foremost amongst **(p.52)** these stood the late Lord Cowdray. I had many opportunities of judging and appreciating this exceptional man.... He was a great man, he was an able man: there was no littleness about him, no pettiness.⁷⁵

His compatriot and future collaborator in the Mexican oil business, Percy Furber, also highlighted his calmness and confidence, and the ability to inspire his colleagues: "He had a wonderful talent for inspiring his associates.... We were close friends and more than once he had encouraged and heartened me when the going was rough."⁷⁶

Alongside his astute managerial skills and extraordinary personal energy, his meticulous attention to detail, and his apparently boundless confidence, optimism, and tenacity, and an obvious capacity for organisation, hard work, and identifying business opportunities, Pearson also demonstrated less than "gentlemanly" values in the conduct of his business affairs—stubbornness, boastfulness, opportunism, secrecy, and ruthlessness. His desire to gain competitive advantage over potential business rivals would also highlight a penchant for industrial espionage and secrecy.⁷⁷ But these were far from unusual, unexpected, and still less

unpardonable practices adopted by successful entrepreneurs of the Victorian period, or, indeed, by those of any other period.

In the same article referred to above, T. P. O'Connor cited Pearson's own sober and modest assessment of the secrets of success in the contracting business. First was "knowledge of the job." "The contractor," Pearson told O'Connor, "must be his own foreman; he must have learned his job in all of its details; he must know everybody's work as well as his own." Second, the contractor must have "an analytic and logical mind; that is to say, he must be able to get at the heart of a question, then to separate its different factors and balance them one with the other, and so arrive at a logical conclusion." Finally, the contractor must apply both memory and imagination, and be prepared to learn from past mistakes, to be "able to recall all that had happened to him in previous experiences; to apply them to the new problem on hand; and by this means to face the new situation with all that his imaginative memory had retained from the lessons of the old." Pearson himself concluded:

Look at the great commercial houses, at the men in iron, cotton, and such like industries; you will find men of large fortunes in these businesses by the score. Look, on the other hand, at the world of contractors; you won't find more than a dozen who are men of great wealth. It is a strenuous, uncertain, in some cases a speculative life; and there are many failures and few great successes.⁷⁸

Pearson was adamant that the ultimate responsibility for all activities within the firm must rest with senior management. As he told Calouste Gulbenkian, the chief executive of Royal Dutch and Shell during the negotiations (p.53) over the latter's purchase of Pearson's oil interests in 1919, "Responsibility cannot and ought not to be divided ... (and) it must remain with the Managers and Directors." Pearson gave similar advice to his son, as the latter was on the point of assuming control over the family firm, highlighting the value of autocracy in the exercise of executive responsibility:

Do not allow any responsibility to be taken by any colleagues beyond that which you give them. Care will be necessary to keep them within the limits you allow.... All decisions taken must be those of which you thoroughly approve. Avoid compromise decisions made primarily to let your colleagues feel that their views are being listened to and acted upon.... Do not hesitate for one second to be in opposition to your colleagues; or in overriding their decisions. No business can be a permanent success unless its head be an autocrat—of course, the more disguised by the silken glove the better.⁷⁹

At the same time, given the extent and scope of the firm's international business commitments, great importance was attached to the selection of competent managers who could be entrusted with the day-to-day implementation of the contracts. Each contract was, in effect, a separate business, with its own accounts, its own workforce and materials, and its own balance sheet. This was the only practical way in which the large number of simultaneous contracts could be managed at one time. Contract managers therefore needed not only to exercise sound judgement but also to shoulder considerable responsibility. For example, in 1890, Pearson wrote to Guillermo de Landa y Escandón, the Mexican politician and businessman who had acted as an intermediary between the firm and the Mexican government in securing the contract for the Gran Canal, to introduce him to the manager of the project, T. L. Walsh, who had been seconded from the Hudson River project:

Mr. Walsh is our agent who will take charge of the Canal Contract. He is a gentleman in whom we have unbounded confidence, and he has absolute authority from us to act in all matters of carrying out the work.⁸⁰

Managers also had a wide range of autonomy over a broad range of responsibilities. For example, as Pearson explained to Walsh himself, "Any increase in salary you may agree with any of your staff will, of course, be all right. It is a power you have absolutely in your hands. Of course, you will use it discreetly."⁸¹ Managers were expected, nevertheless, to submit regular and detailed reports to "the Chief" (as Pearson insisted on being referred to) in London, which would then be subjected to equally detailed supervision. Pearson certainly did not stint in offering advice or giving instructions to his managers, particularly over the question of the need to **(p.54)** employ competent management. He was sometimes ruthless, but always pragmatic. He explained to Walsh in the same letter:

You will have to keep a strict hand with your staff and men, especially the latter. Allow no liberties that you may hereafter have to curtail, as dissatisfaction would then arise and against this you want to exercise every precaution. If any of them are dissatisfied get rid of them before disaffection spreads.

He gave similar advice to Thomas Ryder, the managing director of El Aguila:

Do not hesitate to shred your incompetents after you have been able to gauge them and find them wanting. The money we have spent and are spending on the (oil) fields is not a gamble but a business enterprise, and must be as carefully watched and taken care of as in any ordinary every day business.⁸²

The evidence shows Pearson to have been a demanding employer. He certainly took exception to complaints from his management staff about personal hardships encountered in the course of their work. He wrote an appropriately glacial and ironic response to a young member of his management team, J. B. Glacier, who had complained about the standard of accommodation and service available on a forthcoming transatlantic trip:

Sorry to hear you have been uncomfortable on the *Majestic*, but, as she is designed to be a splendid seaboat and has been furnished with every convenience regardless of cost, I utterly fail to see why you should not go out in her. A contractor's assistant who grows faint-hearted at personal discomfort has not chosen the business he is fitted for.⁸³

At the same time he was also sensitive to the fact that at times he could appear very demanding to his staff. He commented to his wife that he had "to possess both [*sic*] patience, skill & strength to get the best out of (John) Body & (Thomas) Ryder [the senior managers of his Mexican enterprises]. They are not much of a help as 1st class self-sustaining supports.... Poor Body I know he finds my lack of appreciation is much distressing & not what he expected."⁸⁴ He was nevertheless careful to write to congratulate his managers and employees for having made special or exceptional efforts in his service, and to pay them generous cash bonuses for outstanding contributions. At a board meeting of El Aguila in Mexico City in 1910, for example, he singled out managing director Ryder for specific praise in his efforts to establish the business on a strong and secure basis after years of difficulties with El Aguila's rival in the Mexican oil business, the Waters Pierce Oil Company.⁸⁵ For the managers of his Mexican projects, who were mostly recruited from England or the United States, he provided superior quality

accommodation, facilities for sport and recreation, schools, **(p.55)** and, in the case of El Aguila's two oil refineries at Minatitlán and Tampico, free access to modern medical facilities.⁸⁶

His attitude to the relationship between management and labour has already been alluded to in the context of his Liberal political affiliations and his years of practical experience as an employer of a large and heterogeneous workforce. There is no doubt, however, that in practice he drew a distinction between the treatment of his British and his Mexican workforce. An example of the former was the benefits offered to workers on the project to construct a new dock system for Port Talbot in South Wales on the eastern side of Swansea Bay in 1895. As part of the contract the firm established a Sick and Accident Fund to which both the company and the workforce contributed, which provided medical cover for all accidents, home visits to those too ill to visit the doctor's surgery, and sick pay (based upon half of the average weekly salary) for up to twenty-six weeks.⁸⁷

In Mexico, no such benefits were offered to his Mexican workers, and Pearson was more than happy for his local managers to perpetuate "traditional" Mexican labour practices by subcontracting the supply of forced labour (*enganche*) to work on his major projects, through the long-established medium of either state agencies, the Church, or local municipalities. In her detailed study of Pearson's first two contracts in Mexico (the Gran Canal and the Port works at Veracruz), Patricia Connolly found variations in the nature of payments made to manual labour depending on the nature and location of the contract. In the case of the Gran Canal, manual labour was in short supply, and secured through subcontractors on a piecemeal basis depending on the volume of work performed. In the more fluid labour marketplace in Veracruz, by contrast, manual labour was contracted on the basis of a daily salary.⁸⁸ In cases where wages were paid to manual labourers (*peones*), it is notable that he set wage levels for his Mexican workers at a lower rate than for his English or Irish workers, and justified this differential not on grounds of ethnic or racial discrimination, but on an assessment of the value and the cost of labour: "as only half a day's work may be done by *peón* labour in the hot country, it is right to say the work will cost the same."⁸⁹ There is also, nevertheless, evidence of more blatant ethnic discrimination—hardly uncommon in this era—practiced against Japanese workers (of whom there were over 1,000 working on the Tehuantepec Railway project in 1907). Whereas Chinese and "native Mexican" workers were given double pay for night work, the Japanese workers were paid for only ten hours for eight hours of night work.⁹⁰

While Pearson advised his managers in Mexico to attend to the training of Mexican managers or skilled workers for his various enterprises, **(p.56)** there is limited evidence of any serious or systematic attempt to do so. There is evidence of a degree of "in-house" training for Mexican workers to acquire new skills (such as in the workshops of the Tehuantepec National Railway), but this was more a pragmatic response to the shortage of skilled labour than a coherent training programme.⁹¹ Along with other Mexican employers of the era, Pearson manifested (albeit indirectly, through the medium of his local managers and subcontractors) a thoroughly "traditional" paternalism toward his Mexican workforce rather than concern for their education, training, or advancement. Nevertheless, he showed particular concern for their welfare, advising Body to treat his Mexican workers with appropriate care and attention. However, this was, again, as much a result of the shortage of labour as it was concern for the welfare of his Mexican *peones*:

The question of labour is one that wants very seriously, consistently, and day by day dealing with. You cannot rush it, but by the co-operation of the Church and well-known and reliable people I do not think that there ought to be any difficulty in getting the labour you want. Of course, when we get it, it must be made comfortable: the mere fact of getting it and not looking after it when it is got [*sic*] is, I fear, what we are suffering from.⁹²

Finally, sound financial management and accounting were clearly two of the hallmarks of Pearson's success as contractor and businessman. There are three aspects of financial management which should be highlighted here; the first was the need to make accurate calculations and costings in the preparation of the tender, and to keep tight control of costs in the execution of the contract (including, of course, the cost of labour); second, to keep the need for borrowing or credit to a minimum by limiting the initial outlay required to set each project in motion, and by setting up bespoke companies to carry out each project, each with its own management structure and accounting system—in effect, making each contract account for and pay for itself; third, and closely related to the latter, the need to ensure the regular receipt of payments according to the contract. In Mexico, because a significant proportion of the payments made to Pearson were in the form of government bonds or securities, a detailed knowledge of international bond markets and a close relationship with brokers in the City of London were also essential requirements.

Pearson made frequent references to the essential need for prudent, even frugal management to control costs and expenditure in all of his business endeavours. For example, in a letter to the manager of the contract awarded to the firm for the Chesterfield-to-Lincoln section of the Lancashire, Derbyshire, and East Coast Railway in 1892:

(p.57) We admit no gauge of good management than that of costs. If the costs are not satisfactory, the management is not satisfactory, and therefore it is most important that every care be exercised, and every corner watched to keep the costs low.⁹³

The consistency of the message was underlined by a similar exchange in a very different context nearly thirty years later, in 1921, with Calouste Gulbenkian, chief executive of Royal Dutch and Shell, following the negotiations which had led to the management takeover of Pearson's El Aguila Oil Company in 1919:

The finances of a company are the monetary expressions of its policy. Policy determines what money is needed and money determines the extent to which such policy can be carried out. The coat must be cut according to the cloth.⁹⁴

As Spender explains in detail, Pearson was highly adept at keeping his need for borrowing to a minimum, despite the exponential increase in the number of simultaneous contracts during the 1890s. In 1886, for example, despite the fact that the firm had secured contracts worth more than £1 million sterling, his overdraft at the Yorkshire Banking Company did not exceed £35,000. In 1892 a second account was opened with Messrs. Williams Deacons Company, and a third with the Capital and Counties Bank in 1900. By that time, the assets of the company were calculated at £869,000, with annual profits of £130,000, and the value of contracts had risen to over £9 million, yet the firm's total credit from these three banks did not exceed £400,000.⁹⁵

Pearson's drive to minimize borrowing explains his insistence on specifying both the terms and regularity of payment in the contract itself. This, as we shall see in the next two chapters, became a regular bone of contention between Pearson and Mexican Finance Minister José Yves

Limantour, since Pearson was inevitably at the mercy of Limantour's strict control of Mexican financial and market manoeuvres and, in addition, at the mercy of the volatility of international bond markets over which neither Limantour nor Pearson had control.

As a result, in addition to his negotiating skills, part of the secret of Pearson's financial success in the years before the oil business became the almost exclusive focus of his attention was his ability to dispose of the variety of Mexican government bonds which he received as part payment for his government contracts, in order to maintain the necessary flow of income. There were three crucial aspects to Pearson's success in this regard. First, his knowledge of financial markets; second, the interventions by the Mexican Ministry of Finance (in other words, by Finance Minister Limantour) to safeguard payments made to Pearson by attempting to **(p.58)** mitigate the ever-present risk of a crisis of confidence in Mexican securities in European financial markets; and third, his personal contacts with brokers in the City of London who were able to find a market for these often risky securities.

That Pearson was knowledgeable about bonds and securities markets was not in doubt. It was, after all, vital to the success of his business to pay close attention to them. He was quick to complain when market movements were detrimental to his interests, but, at the same time, indicated both his deference to Finance Minister Limantour and his willingness to compromise in order to find a solution. It was clearly a pact of mutual self-interest, since it was clear to both men that the deterioration of the value of Mexican securities was not in the interests of either. For example, as Pearson explained to Limantour in May 1897:

The recent big fall in the price of silver necessarily depreciates the sterling value of the Bonds to a proportionate extent, whilst in addition we have had extremely dull markets here.... I hope you understand that I am desirous of doing everything I possibly can to assist your financial arrangements. I think, however, that such alterations ought not to place me in a worse position than that I previously held. I am fully prepared to place myself in your hands, and to abide by your decision on all occasions when you approach the subject as a Judge, and not as an Advocate of the Government. Personally, I try to view the financial position from an impartial standpoint, and only to ask for what appears to me to be equitable. One thing I have not made clear. Under the terms of our contract we virtually are paid in dollars in London, because the proceeds from the sale of the Bonds in London are converted into dollars at the rates dollars are selling for in London; whereas, when we receive payment in Mexico we have to bear the cost of remitting the dollars here, which will cost us about one and one third per cent. Every expense in our contract is paid from here, except wages paid to the peons, and consequently at least two thirds of the amount of our certificates is invested here.⁹⁶

In this case, his complaints were listened to, although it is important to emphasise, as Limantour explained to Pearson on numerous occasions, that the measures adopted by the Mexican government were not designed to safeguard the profitability of Pearson's contract, but to avoid a general crisis of confidence in Mexican securities in European markets. In 1897, and again in 1900, Finance Minister Limantour signed an agreement with the Mexican National Bank which obliged the latter to purchase the bonds Pearson had received from the Mexican government at the price stipulated in the contract.⁹⁷

In addition to his own knowledge and experience, and Limantour's financial manoeuvres to support the international value of Mexican securities, Pearson was able to call upon the services of financial brokers with a good deal of experience in the field. In this regard, his relationship with **(p.59)** Alexander Henderson (later Lord Faringdon) of London brokers Greenwood, Henderson and Company was of vital importance. There are interesting parallels between the careers of Pearson and Henderson. Both men started their careers as public works contractors in the UK (in Henderson's case, most notably for the Manchester Ship Canal), and both would build railways and run public utility companies in Latin America (Henderson in Argentina, Pearson in Mexico). Both would develop an interest in oil—Henderson in the Turkish Petroleum Company. Both became MPs and Peers of the Realm, although Henderson was a Conservative; and both—in an era of close affiliations between the press and politics, already discussed—owned newspapers. Henderson acquired the *Standard* and the *Evening Standard* in 1907.⁹⁸

Pearson had consulted Henderson during the negotiations for his first overseas contract in the Americas, the dock works at Halifax, Nova Scotia, precisely as a result of difficulties in “placing the stock or getting the bondholders to exchange their bonds for stock.” He described Henderson's firm as “probably one of the very best firms in London ... they have in several transactions acted as brokers for us when we have had investments to make. It is absolutely necessary for us to get some influential firm to take the lead and more or less father the scheme. Greenwoods have agreed to act as brokers and to do all the work necessary to get a Stock Exchange quotation.”⁹⁹ In the case of Mexican bonds, which would be so crucial to Pearson's business success in that country, Henderson was arguably an even more appropriate choice of broker, since, as Henderson's biographer comments, “no South American business seeking London finance approached the City without first consulting Lord Faringdon.”¹⁰⁰

The importance of influential contacts in the City of London had been made clear to the Mexican government following the restoration of diplomatic and financial relations with Britain after 1886. According to Francisco Mena, Mexican minister in London between 1886 and 1892, it was precisely the absence of these contacts which had prevented Benito Gómez Farías, the first Mexican financial agent appointed to London since the settlement of the English Debt, from being able to place the municipal loan to finance the Gran Canal in 1889:

Don Benito has not been able sign any contract for the (£2,000,000) Municipal Loan on behalf of the Ayuntamiento (City Government) of Mexico City, because the people he has been dealing with have no capital or contacts (*círculo*) at all with the right businessmen.¹⁰¹

There is clear evidence, too, that Pearson not only used influential brokers to act on his behalf, but was increasingly prepared personally to take **(p.60)** on the role of intermediary between the Mexican government and the European banks and banking houses. This would be one of the many services which he would provide to the political elite of Porfirian Mexico over the course of more than two decades after 1889. The nature of those services, and the nature of the close relationship on which they were based, will be explored in detail in the next chapter.

Finally, it is important to reiterate that, prior to his arrival in Mexico in 1889 at the tender age of thirty-three, Weetman Pearson was already an accomplished and successful businessman with a well-tuned and sensitive (if embryonic) set of political antennae. As the previous chapter indicated, his arrival in Mexico coincided with a particularly auspicious period for overseas entrepreneurs. Mexico was in the process of consolidating an unprecedented era of political stability, under the guidance of liberal political elite with a particular vision of statecraft and

nation-building, and with clear ideas of how to build a modern state and economy. At the same time, the persistent problem of Mexico's indebtedness had recently been tackled, and the restoration of its international creditworthiness was under way. What this liberal-developmental agenda lacked were foreign entrepreneurs with technical expertise, organisational skills, and access to external sources of finance. Pearson was able to prove within a short space of time not only that he was up to the task, but also that he was able to meet the expectations placed upon him.

Notes:

(1.) M. Linder *Projecting Capitalism: A History of the Internationalization of the Construction Industry* Westport, CT: Greenwood Press, 1994, p. 6.

(2.) Middlemas *The Master Builders*; S. Pollard "The Dynamism of the British Economy in the Decades to 1914" in M. Mann (ed.) *The Rise and Decline of the Nation State* Oxford: Oxford University Press, 1990.

(3.) D. Kynaston *The City of London: The Golden Years 1890-1914* London: Chatto & Windus, 1995.

(4.) K. T. Hoppen *The Mid-Victorian Generation 1846-1886* Oxford: Oxford University Press, 1998, pp. 275-315.

(5.) A. Godley and M. Casson "Britain, 1900-2000" in W. J. Baumol, D. S. Landes, and J. Mokyr (eds.) *The Invention of Enterprise: Entrepreneurship from Mesopotamia to Modern Times* Princeton, NJ: Princeton University Press, 2010, pp. 243-72.

(6.) See, for example, N. Ferguson *Empire: How Britain Made the Modern World* London: Allen Lane, 2003.

(7.) J. Parry *The Rise and Fall of Liberal Government in Victorian Britain* New Haven, CT: Yale University Press, 1993, p. 16.

(8.) Hoppen himself makes it clear that his very positive interpretation should not hide the disparities, contradictions, and bottlenecks in the development of the Victorian economy, which would eventually manifest themselves in rapid postwar industrial decline, when Britain "floated rippleless across a sea of opportunities missed"; *The Mid-Victorian Generation*, pp. 304-15.

(9.) It is important to note that it was partly the fear of industrial decline—and the concomitant fear that the promotion of science and industry at home was lagging that of Britain's continental European rivals—that stimulated the drive by provincial elites in the industrial heartlands of the Midlands and the North to promote scientific research and education through the foundation and expansion of the emerging civic universities. This was the case of the Yorkshire College, based in Leeds, which subsequently received its Royal Charter as the University of Leeds in 1904, to which Pearson (as Lord Cowdray) made a bequest for a Chair of Spanish in 1916. In his bequest, Pearson expresses the hope that it would "further the educational and economic interests of the nation, and especially those of Yorkshire ... and to foster a closer intimacy between the cultures of Spain, Latin South America and Great Britain."

(10.) G. R. Searle *Entrepreneurial Politics in Mid-Victorian Britain* Oxford: Oxford University Press, 1993.

- (11.) Whereas Britain produced 36 percent of the world's steel in 1875, by 1900 it had declined to just over 10 percent; J. Camplin *The Rise of the Plutocrats: Wealth and Power in Edwardian England* London, 1978, p. 271. R. E. Dumett (ed.) *Gentlemanly Capitalism and British Imperialism: The New Debate on Empire* Harlow: Longman, 1999, pp. 196–220.
- (12.) Searle *Entrepreneurial Politics*, p. 321.
- (13.) Godley and Casson “Britain, 1900–2000.”
- (14.) M. Wilkins “The Free-Standing Company 1870–1914: An Important Type of British Investment” *Economic History Review* 41:2, 1988, pp. 259–85.
- (15.) G. Jones “Multinationals” in G. Jones and F. Amatori (eds.) *Business History Around the World* Cambridge: Cambridge University Press, 2003, pp. 353–71.
- (16.) Godley and Casson “Britain, 1900–2000.”
- (17.) R. Liehr and M. E. Torres Bautista “British Free-Standing Companies in Mexico, 1884–1911” in M. Wilkins and H. Schröter *The Free-Standing Company in the World Economy* Oxford: Oxford University Press, 1998, pp. 253–78; according to Liehr and Torres, 154 British free-standing companies were registered in Mexico between 1884 and 1910, but very few paid any dividends to their shareholders or made any significant profit.
- (18.) “Lo que ha perdido el capitalismo extranjero en México, por malos negocios, es muy superior a lo que ha ganado en los buenos negocios.” F. Bulnes *El verdadero Díaz y la Revolución Mexico*, 1921, p. 163.
- (19.) A. Briggs “Foreword” in K. Middlemas *The Master Builders—Brassey, Aird, Cowdray, Norton-Griffiths* London: Hutchinson, 1963, pp. 13–18. Although Pearson won numerous contracts over his career, he had bid for many others without success. As he explained, for example, to the manager of his first Mexican contract (the Gran Canal) in 1894: “We keep tendering but cannot get anything. We tried hard for the Manchester, Sheffield and Lincolnshire new line into London and thought we had received the London end ... (but) when the Company tried to put us to alter (*sic*) some of the conditions of the contract without extra charge we delivered but Firbank (the rival contractor) agreed to further alterations costing some £ 30–40,000 and got the contract.” Science Museum Archive, Pearson Papers (hereafter SMA:PEA) Box A7 Pearson to Walsh 10/11/1894.
- (20.) Spender *Weetman Pearson; Young Member for Mexico*; Middlemas *The Master Builders*.
- (21.) D. Newsome *The Victorian World Picture* London: John Murray, 1997, p. 23.
- (22.) The growth of industrial brickmaking—especially during the peak years of railway development—had been exponential. To cite one of the many less-thaninspiring statistics used to illustrate the material development of Victorian Britain, it has been estimated that in 1845 alone, 740 million bricks were used in the construction of stations, bridges, embankments, and viaducts. P. S. Bagwell *The Transport Revolution from 1770* London: Batsford, 1974, pp. 116–18.
- (23.) Spender *Weetman Pearson*, p. 7.
- (24.) SMA:PEA Box A9 Diary of American Tour, 1875, 2 vols.
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(25.) SMA:PEA Box C44 Cowdray to Gulbenkian 26/09/1921. I shall return to Pearson's business philosophy later in this chapter.

(26.) SMA:PEA Box A1 King's Lynn Docks.

(27.) Hence the appearance of the deep-sea diver on the Cowdray Coat of Arms, designed in 1910.

(28.) E. H. H. Green "The Influence of the City over British Economic Policy c1880-1960" in Y. Cassis (ed.) *Finance and Financiers in European History 1880-1960* Cambridge: Cambridge University Press, 1992, pp. 193-218.

(29.) In 1906 the firm moved again, this time to 47 Parliament Street, formerly the site of the Whitehall Club. Spender, *Weetman Pearson*, p. 13.

(30.) J. Darwin *The Empire Project: The Rise and Fall of a British World System* Cambridge: Cambridge University Press, 2009, pp. 70-74.

(31.) Spender, *Weetman Pearson*, pp. 16-19, 52-54.

(32.) Camplin *The Rise of the Plutocrats*, p. 271. Dumett (ed.) *Gentlemanly Capitalism and British Imperialism*, pp. 196-220. See previous chapter for a discussion of gentlemanly capitalism in relation to Pearson.

(33.) Searle *Entrepreneurial Politics*.

(34.) G. R. Searle *The Liberal Party* Basingstoke: Palgrave, 2nd ed., 2001; Searle *Entrepreneurial Politics*.

(35.) S. J. Lee *Aspects of British Political History 1815-1914* London: Routledge, 1994, pp. 160-78.

(36.) Parry *Rise and Fall*, p.16.

(37.) Lee *British Political History*, pp. 221-24.

(38.) In pursuit of his own business interests, his advocacy of "free and fair" trade would not always be so principled. In the order to establish his Mexican oil business, for example, he favoured open competition in the marketplace; at the same time, he sought legislative and political protection from the Mexican government in order to seek advantage over his main business rival. See Chapter Five.

(39.) Pearson does not appear to have been a heavy drinker, but he certainly enjoyed the occasional beer. He was, fundamentally, a man of regular habits and simple pleasures, describing his daily routine on his trips to Mexico as follows: "Each night I walk (over 2 miles) to the Restaurant, have 2 or 3 ham sandwiches, a bottle and a half of German beer, then walk back, take a bath, into bed, milk and bread, the evening paper, and asleep until morning"; SMA:PEA Box A9 Pearson to Lady Pearson 31/03/1909.

(40.) SMA:PEA Box 27 Press Cuttings: "Juvenal" in the *Times*, n.d.

(41.) Matthew *The Liberal Imperialists*, p. 55.

(42.) Spender *Weetman Pearson*, pp. 32–36; Pearson's wife, Annie Cass (Lady Pearson), was a member of the Executive of Women's Liberal Foundation after 1898, and later Honorary Treasurer Liberal Women's Suffrage Union; A. L. Douglas (Private Secretary to Lady Cowdray 1920–32) *The First Viscountess Cowdray and Her Connection with the Royal College of Nursing and the Cowdray Club* London: A. & E. Walter, n.d., and “Lady Cowdray” in the *Federation News*, organ of the Women's Liberal Foundation (WLF) Vol 10, December 1921.

(43.) Middlemas *The Master Builders* (p. 173) estimates that Pearson's worldwide workforce reached 45,000 “at its peak” but fails to indicate when; J. Knoblauch *Lord Cowdray's Interests in Mexico 1889–1919* PhD dissertation, Arizona State University, 1985, estimates a total of 60,000 in 1904. Neither provides sources.

(44.) Pearson's Rectorial Address is reprinted in full in Spender *Weetman Pearson* Appendix II, pp. 291–99.

(45.) B. Hamnett “The Party Struggle for Colchester in the Age of Weetman Pearson (Lord Cowdray) 1892–1910” Unpublished ms., p. 5. I am very grateful to the author for providing me with a copy of the manuscript. The relationship between Pearson and Paxman lasted for many years. In 1911, for example, Paxman wrote to Pearson to offer his services as an intermediary in the negotiations between Pearson and Standard Oil over the purchase of Pearson's El Aguila; SMA:PEA Box A4 Paxman to Cowdray 04/02/1911 A4. For a fuller discussion of Pearson/Cowdray's strategy for his oil business, see Chapters Five and Six; Paxman's letter is an early indication that Pearson was prepared to contemplate the sale of El Aguila even before the Díaz regime collapsed in May 1911.

(46.) SMA:PEA Box A7 Pearson to T. L. Walsh 20/02/1895. There is also circumstantial evidence to suggest that the baronetcy he received in the same year was, in effect, a bribe (or a backroom fix) from party managers to persuade a reluctant Pearson to stand in the Colchester bye-election, given the close proximity between his election (19 February) and the announcement of the honour (1 July); Hamnett “The Party Struggle,” p. 12 fn14.

(47.) SMA:PEA Box A9 Pearson to Lady Pearson 25/02/1895. His solution to hearing “twaddle being shouted about me” in the House was to compose eulogies to his wife, and to reveal a side of his character only rarely, if ever, demonstrated in his business affairs. As he put it, in order to occupy his time in the House he would “recite some of the gifts which I enjoy that bind me more than life to my own better half. Grace that can always do the right thing at the right time and under all circumstances. Womanly tenderness that sweetens human nature and makes night into day. Tact that never fails. Courage that is equal to every call upon it and cheers one forward with irresistible force. Love that conquers all things. Commonsense, a supposed common attitude but so rarely met with, that when experienced 'tis invaluable. Beauty. Devotion to ones calls and ones family. A perfect mother and an adored and adorable wife. When I possess such treasures in a wife who can wonder that a stolid uninteresting slogger—having only one quality of mind, and that concentration—like myself should have reached the present position of competency of means, hereditary honours and MP within 15 years of obtaining that possession of priceless value. The only question is where one can stop when so inspired. Further flights mean greater efforts, less leisure, more wear and tear: I say we are entitled to a seat, to taste the joys of a

country life, to take life more easily so that we have a hale and hearty old age.... I inscribe myself, Her adorer, her husband & her slave."

(48.) Spender *Weetman Pearson* (p. 33) notes that he attended an average of one in twenty House of Commons divisions when MPs were required to vote. It was his Conservative opponent in the general election of 1906 who complained that Pearson had attended only 213 divisions out of 2,100 in the previous Parliament, and who was the first to give him the title of "Member for Mexico," rather than Member for Colchester; Hamnett "The Party Struggle," p. 22.

(49.) Archivo José Yves Limantour (hereafter AJYL) 2a serie R39 Pearson to Limantour 23/01/1906.

(50.) SMA:PEA Box A6 Pearson to Scurrage 05/10/1892. In 1919, long after he had ceased to represent Colchester as an MP, he donated £20,000 to the City Corporation for the purchase of Colchester Castle and the establishment of a public park, although by then he had long ceased to represent the constituency; *ibid.* Box 24.

(51.) Hamnett "The Party Struggle," p. 24.

(52.) The Liberal government of Herbert Asquith (1908–15) became notorious for its political and financial scandals. Searle *The Liberal Party*, pp. 92–93.

(53.) G. R. Searle *Corruption in British Politics 1895–1930* Oxford: Clarendon Press, 1987, p. 242.

(54.) Lee *British Political History*, p. 230.

(55.) Fifteen peerages were created in 1910, twenty-two in 1911, and a further ten in 1912; the whiff of scandal surrounding these appointments was increased by the fact that their architect, Liberal Chief Whip and Party Fundraiser Lord Murray of Elibank, was subsequently involved in the Marconi Scandal and forced to resign in 1912; Pearson's innocence was further compromised by the fact that he immediately offered Murray a position in the firm as a representative searching for oil contracts in South America; see Chapter Six.

(56.) SMA:PEA Box A9 Pearson to Lady Pearson WP-LP 04/06/1910.

(57.) There were initially only two directors—Pearson himself, and Clarendon G. Hyde, a barrister who had worked for the firm since 1888; H. Murray *The Pearson Connection* Leeds: Leeds Metropolitan University, 2007.

(58.) Searle *Corruption*, p. 42.

(59.) Pearson revealed this in a letter to the Capital and Counties Bank as part of a (successful) request to open a new account in January 1900; the bank was, no doubt, impressed by the extent of his political connections; Spender *Weetman Pearson*, p. 25.

(60.) *Ibid.*, p. 125. The contract was worth £3,365,000 to Pearson. His most expensive contract (£9,184,000) for the British government was for a series of construction works, including a munitions factory in Gretna during WWI.

(61.) For details of the collection of stained-glass windows narrating the history of the firm designed by Geoffrey Fuller Webb and commissioned as decoration for the staircases at 47 Parliament Street, see Murray *The Pearson Connection*. The windows now adorn the Pearson Corridor at Queen Square Court at Leeds Metropolitan University, following a bequest by 3rd Viscount Cowdray in 1971.

(62.) Quoted in Searle *Corruption*, p. 106.

(63.) He described one of these social and political gatherings to Mexican Finance Minister Limantour: "Saturday was a perfect day at Paddockhurst! All the members of the late government (except Rosebery) lunched with us and in the afternoon we had 700 guests, many from long distances. Everything passed off without a hitch and the general enjoyment was, I am told, perfect." AJYL 1a serie R11 Pearson to Limantour 18/07/1899.

(64.) See Conclusions for details.

(65.) In turning down an approach made by the offer from Edward Hoeflich in May 1910 to purchase the *Mexico Daily Record*, an English-language paper published in Mexico City with a circulation (or so Hoeflich claimed) of 1,200-1,500 readers, Pearson replied, perhaps ironically in the light of subsequent events, that "our experience of newspaper investments has not been a fortunate one, and we decided some years ago not to add to them." SMA:PEA Box A4 Pearson Body 18/05/1910. The papers with which Pearson had been involved in his early career were the *Weekly Sun* and the *Sunday Sun*, neither of which had been a success in financial terms; Spender *Weetman Pearson*, p. 244.

(66.) This era came to an end over the course of the twentieth century as newspapers became more exclusively run as commercial ventures rather than as political organs or party mouthpieces; S. Koss *The Rise and Fall of the Political Press in Britain: Vol 2: The Twentieth Century* London: Hamish Hamilton, 1984, p. 1.

(67.) *Ibid.*, p. 9.

(68.) It was "absorbed" by the *Daily News*; Koss, *Rise and Fall*, pp. 471-72.

(69.) Spender *Weetman Pearson*, pp. 228-40.

(70.) *Ibid.*, p. 245; Koss *Rise and Fall*, p. 8.

(71.) Pearson's commitment to the use and effectiveness of propaganda can also be seen in the creation in 1909 of a new post of head of the Department of Propaganda within his *Compañía Mexicana de Petróleo El Aguila*, the company established to run his oil business in Mexico; see Chapter Seven.

(72.) SMA:PEA Box A4 Cowdray to Body 05/02/1913; it is clear that Cowdray agreed to participate in the syndicate not only to curry favour with the government, but also to put additional pressure on the Madero government to buy him out of the Tehuantepec Railway contract (see Chapters Four and Six). He told Body: "If the sale of the Tehuantepec Railway goes through we could afford to take one or two shares in the Syndicate, as Don Ernesto [Madero, Minister of Finance] might wish us to do, but, at the same time, we should not desire to have the slightest responsibility as to the conduct of the papers ... if one abstained, the Government might consider it an unfriendly act ... we ought to subscribe whether we like it or not—of course, the smaller the amount the better." A further example of the attempt to use the press to mould public opinion in Mexico during the revolution was the financial support given to maverick politician Félix Palavicini, a former employee and agent of El Aguila, for the establishment of *El Universal*, a conservative daily newspaper in Mexico City in 1915. El Aguila provided advertising revenue, and the paper was published from premises rented from the firm; see Chapter Seven; to counter the attacks in the US press on his business interests in Mexico, which became more frequent during the Mexican Revolution, Pearson employed a "publicity man" to monitor press coverage and to issue denials; SMA:PEA Box A23 File R1/1.

(73.) T. P. O'Connor had been MP for Galway and Liverpool (1885–1900), and was a close associate of Lloyd George; he also knew Pearson in his capacity as editor of the *Star* and the *Weekly Sun* (in which Pearson was one of a syndicate of investors); Koss *Rise and Fall*, pp. 61, 213.

(74.) T. P. O'Connor "Lord Cowdray: A Study in Personality" *Pall Mall Magazine*, April 1913, pp. 353–57; SMA:PEA Box 24.

(75.) H. O. O'Hagan *Leaves from My Life* London: John Lane/Bodley Head, 2 vols., 1929, Vol II, pp. 147–65.

(76.) P. N. Furber *I Took Chances: From Windjammers to Jets* Leicester: Edgar Backus, 1954, p. 180.

(77.) For example, he advised his first representative in Mexico, Duff Morison, not to reveal too much about how the firm had obtained the contract. Morison had planned to address representatives of British business and investors during a forthcoming visit to London to highlight the opportunities available in Mexico. Pearson advised caution: "It is not desirable to advertise to all the world how we are doing the trick in Mexico. The knowledge is valuable, and without hoarding it unduly we do not want it to become too much the property of the public." SMA: PEA Box A6 Pearson to Morison 08/06/1892.

(78.) O'Connor "Lord Cowdray," p. 357.

(79.) Spender *Weetman Pearson*, p. 278.

(80.) SMA: PEA Box A5 Pearson to Landa 21/03/1890.

(81.) SMA: PEA Box A5 Pearson to Walsh 13/09/1990.

(82.) Archivo Histórico de Petróleos Mexicanos (hereafter AHPM, followed by Box and File number) C3033 Exp. 78547 Pearson to Ryder.

(83.) SMA: PEA Box A7 Pearson to Glacier n.d. 1894.

(84.) SMA: PEA Box A9 Pearson to Lady Pearson 04/06/1910.

(85.) AHPM C39 Exp. 1024 f.94. Minutes of Board of Directors El Aguila 11/10/1910.

(86.) AHPM C2804 Exp. 737476. This generosity was also no doubt partly explained by the difficulties in recruiting management staff in Mexico, as subsequent chapters will illustrate. The photographs in the Pearson archive attest to the quality of accommodation provided for both workers and managers of the Tehuantepec project.

(87.) SMA: PEA Box A7 Pearson to Knox 26/01/1895; in 1903 Pearson set up the Aged Navvies Pension Fund (president and treasurer, Lady Pearson), which provided pensions for retired labourers until the introduction of the state pension a quarter of a century later; Spender *Weetman Pearson*, p. 49.

(88.) P. Connolly *El contratista de don Porfirio: Obras públicas, deuda y desarrollo desigual* Mexico: Fondo de Cultura Económica, 1997, pp. 187–90.

(89.) SMA: PEA Box 52/1. He also commented that, as a general rule, “three Mexicans were required for two Englishmen.” This casts an ironic light on his choice of a Mexican *peon* as the symbol for the Cowdray coat of arms.

(90.) SMA: PEA Box 53 Ryan to Body 19/10/1907; the discrimination did not stop there: on government orders (from the *Consejo Superior de Salubridad*), both Japanese and Chinese workers were forcibly housed in special barracks “so that they can be subjected to observation and quarantine.” Box 53A.

(91.) A. Rojas Rosales *El Ferrocarril Nacional de Tehuantepec ¿El Eje del Comercial del Mundo? 1893–1913* Tesis de Doctorado, UAM, 2004; see Chapter Four.

(92.) SMA:PEA Box A4 Pearson to Body 25/07/1902. The photographs in the Pearson archive attest to the quality of accommodation provided for both workers and managers of the Tehuantepec project.

(93.) SMA: PEA Box A6 Pearson to S.P. & S. Management, Chesterfield n.d. 1892.

(94.) SMA: PEA Box C44 Cowdray to Gulbenkian 26/09/1921.

(95.) Spender *Weetman Pearson*, pp. 22–31.

(96.) AJYL 1a serie R11 Pearson to Limantour 08/05/1897.

(97.) Connolly *El contratista*, p. 126.

(98.) D. Wainwright *Henderson: A History of the Life of Alexander Henderson, First Lord Faringdon, and of Henderson Administration* London: Quiller Press, 1985.

(99.) SMA:PEA Box A6 Pearson to Brookfield 06/05/1891. Brookfield was a Canadian contractor, and the supervisor of the construction works of the dock at Halifax, Nova Scotia.

(100.) Wainwright *Henderson*, p. 65.

(101.) AJYL 1a serie R9 Mena to Limantour 11/01/1889. The same problem occurred in the case of the first Tehuantepec Loan of 1889: "the Bonds have arrived, but, because the people with whom [the contractor] Salvador Malo set up this business do not have capital or good contacts to find it with well-known houses: although they are working hard, they have achieved nothing so far."



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