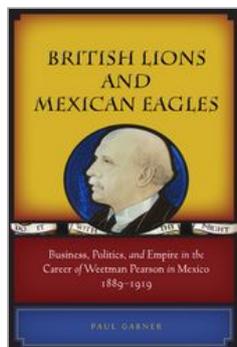


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British Lions and Mexican Eagles: Business, Politics, and Empire in the Career of Weetman Pearson in Mexico, 1889-1919

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Print publication date: 2011

Print ISBN-13: 9780804774451

Published to Stanford Scholarship Online: June 2013

DOI: 10.11126/stanford/9780804774451.001.0001

The Foundations of a Business Empire

The Gran Canal in Mexico, 1889-1900

DOI:10.11126/stanford/9780804774451.003.0004

[–] Abstract and Keywords

This chapter examines the first contract of Weetman Pearson in Mexico which was the construction of a drainage canal in Mexico City. It suggests that the Gran Canal project was one of the most important public works projects in nineteenth-century Mexico and was vital to Pearson's subsequent success. This chapter also discusses the difficulties experienced by Pearson in completing the project.

Keywords: Weetman Pearson, Mexico, Gran Canal, drainage canal, Mexico City, public works

“S. Pearson & Sons is considered one of the minor Departments of State in Mexico.”

—Pearson to US Ambassador Walter Page, London, 1914.¹

On Christmas Eve, 24 December, 1889, the president of the board of directors of the Valley of Mexico Canal Project (*Junta Directiva del Desagüe del Valle de México*), Pedro Rincón Gallardo, sent a letter to the junta's vice president, José Yves Limantour, then professor of international law at the National School of Jurisprudence. Rincón Gallardo informed his colleague (the latter was in Paris at the time) of the progress of the canal project and described his recent trip from New Orleans to Mexico City, during which he was accompanied by a young Englishman making his first trip to Mexico. He wrote:

I travelled from New Orleans with Mr Pierson [*sic*], summoned by the Board to finalise the business of the Canal contract. I soon saw that he was a very competent man, who had done his homework and was prepared to offer all manner of guarantees, but who was only going to spend nine days in Mexico ... and since the modifications (to the contract) which he was proposing were substantial, I supposed that we would get no further with him, but this has not been the case, and I am pleased to inform you that the draft agreement has been signed, and the deeds are being drawn up at great speed. You can rest assured that the great work will be finished in three years.²

There is no record of Limantour's reply, but it is clear from his subsequent correspondence to the canal board that he was angry that such an important step had been taken without his consent, and without his direct involvement.³ This meant that relations between Pearson and Limantour (**p.62**) began in 1889 in a distinctly antagonistic, even hostile atmosphere. Limantour would have direct contact with Pearson in subsequent years over the implementation of the Gran Canal contract—since Limantour took on the role of acting president of the Junta Directiva on several occasions between 1890 and 1893. Following Limantour's appointment as minister of finance (*secretario de Hacienda*) in 1893, contact became more direct. Limantour's ministerial post, which he would occupy for the following eighteen years, gave him the overall responsibility for all major public works projects constructed during the latter part of the regime of President Porfirio Díaz (1876–1880, 1884–1911). As a result, the financing and implementation of Pearson's two subsequent contracts—the modernisation of the port of Veracruz (1895–1902) and the reconstruction of the Tehuantepec National Railway (1896–1907)—were personally supervised by Limantour. Over the course of Pearson's profound involvement in Mexican affairs during the next twenty-six years—as a result of which Mexico would become the epicentre of his international business empire—the relationship underwent many changes. It would certainly have its difficult moments, and, whilst it could never be described as intimate, it remained cordial. It was, however, a relationship which holds the key to understanding the origins and evolution of Pearson's business “empire” in Mexico, and the context in which it developed. The focus of this chapter will be an examination of the relationship's principal characteristics.

Pearson's first visit to Mexico in 1889 took place in a highly charged political atmosphere. Porfirio Díaz, following his second reelection as president in 1888, had embarked on a process of consolidation of his personal and patriarchal authority at the apex of national power which would transform and dominate Mexican political life for the next twenty years.⁴ It was a risky strategy, since it would require persuading the warring factions within the governing Liberal coalition that permanent presidential reelection, and the parallel process of political and executive consolidation—both inimical to the fundamental precepts of Mexican liberalism—were justifiable and necessary options. While the strategy was ultimately unsuccessful and was eventually undermined by the Revolution of 1910, it nevertheless provided Mexico with two further decades of uninterrupted political peace for the first time since the achievement of independence from Spain in 1821. It also provided the political space for the regime to exchange its constitutional legitimacy for the pursuit of social order and material progress, as part of an ambitious attempt to transform the physiognomy and to define the soul of the nation. In short, had Díaz not been reelected in 1884, and again in 1888, it is unlikely that the Gran Canal would ever have been completed.⁵

The Gran Canal was very much part of the nineteenth-century Mexican Liberal vision of material progress and nation-building. It was a project (p.63) of grandiose and ambitious proportions—a channel to control the level of the lakes in the Valley of Mexico which stretched some thirtyseven miles (and, in places, up to a depth of seventy-two feet), from Zumpango to the Lago de Texcoco from the north to the east of the capital, including a tunnel four miles long which would discharge excess water into the lower valleys. Its essential purpose was to relieve the perennial problems of per sis tent flooding and inadequate drainage which frequently left large parts of Mexico City underwater in the rainy season.⁶ These problems had become even more pressing with the accelerated pace of population growth of Mexico City during last quarter of the nineteenth century. In addition, the causal link made in this era of scientific positivism by the city fathers of the Mexico City *Ayuntamiento* (City Council) between urbanisation and the spread of contagious diseases gave new urgency to the project.⁷

The fundamental problem of perennial flooding had preoccupied, but largely defeated, all governments—whether Aztec/Mexica, colonial, or national—since the earliest settlements in the Valley of Mexico in the fifteenth century. Successive administrations had been hampered in their attempts to tackle the problem by a lack of adequate resources, appropriate technology, or political stability. Even a cursory examination of the antecedents of the Porfirian Gran Canal indicates that the problem had drawn the attention of some of the leading intellectual advocates of stateand nation-building in nineteenth-century Mexico. The most famous foreign visitor to colonial New Spain on the eve of political independence, the Enlightenment polymath Alexander Van Humboldt commented in his widely read *Political Essay on the Kingdom of New Spain*, first published in 1803, that “Mexico City will always be at risk until a canal is opened directly to Lake Texcoco.”⁸ Commenting in the wake of major floods which occurred in 1819 and which had largely destroyed the existing defences constructed at the very end of the colonial period, the Conservative statesman Lucas Alamán commented on the urgent need to provide funds “for repair and restoration” far in excess of the sums which had previously been allocated.⁹ In 1833, leading Liberal intellectual José María Luis Mora wrote a report as an elected representative of the Mexico City government on the inadequate state of the city's flood defences and called for further work.

It was not, however, until the establishment of the Ministry of Development (*Fomento*) after 1853 that tenders were invited for the construction of a large-scale engineering works designed to tackle the problem. Even then, work on the project was frequently interrupted during the lengthy period of civil war and foreign intervention after 1854, during two of the most turbulent de cades in what had already been a tumultuous first halfcentury of Mexico's precarious life as an in de pen dent nation.¹⁰

(p.64) The Gran Canal therefore represented far more than simply a pragmatic solution to a long-standing problem and, indeed, was more than merely a component in the development of an emerging social and economic infrastructure. It was, in essence, along with the other major engineering projects which Pearson would construct at the behest of the Díaz government, a prominent symbol of the Porfirian government's vision of a country belatedly, but finally, emerging from its early nineteenth-century “backwardness” into late nineteenth-century “modernity,” to take its position as a member of the international community of modern and progressive nations—a metaphor, in other words, for the entire Liberal nineteenthcentury project.¹¹ As the close supervision which he exercised over the canal project demonstrated, it was also a project of personal interest to President Díaz, and had been so long before his rise to the presidency in 1876. In 1867, Díaz, as general in command of the Army of the East, had been

lauded as a national hero who had delivered Mexico's "Second Independence" by expelling the occupying French forces from Mexico City. In response to a request from the engineers who had been in charge of the project under the Emperor Maximilian, he indicated at the time that the "promotion of these works" was of "profound interest" to him, since they represented one of the "few glories I could ever wish to see."¹²

A succinct illustration of significance of the Gran Canal project for the Mexican political elite is the description which the governor of Morelos, Pablo Escandón, gave to Rosa King, an Englishwoman who had settled in Cuernavaca during the latter years of the Díaz regime. Escandón's enthusiastic endorsement reflects not only the project's symbolism, but also the veneration and affection for the figure of Porfirio Díaz from those who peddled the contemporary myth that the president was personally, even single-handedly responsible for the material, political, and cultural development which characterised the era:

Señora King.... you cannot understand what barbarians we used to be, before Porfirito civilised us. If you had seen Mexico City in those days, with Lake Texcoco lapping at our ankles in the rainy season, you would appreciate what a project that was, the drainage of the Valley of Mexico. And consider our modern railroads and telegraphs, ports and industries, financed by the foreign capital he has cunningly coaxed in. Today, we are a nation respected by other nations. We are cosmopolitan.... And all the work of Porfirio Díaz!¹³

Securing the Gran Canal Contract

The contract for which Pearson was competing in 1889 was the construction of the drainage channel, since the contract for the tunnel had **(p.65)** already been awarded to another British firm (Read and Campbell) in 1888.¹⁴ Despite the brevity of Pearson's initial visit, the Junta unexpectedly decided to accept Pearson's tender, even though it was more expensive than that submitted by his main rival, the US firm Bucyrus Construction Company of Ohio, who had already completed excavation work on the Gran Canal.¹⁵ The Junta's report curiously made no reference to the rival tender, and suggested that there was little alternative to awarding the contract to Pearson.¹⁶ The negotiations were, however, far from over, since Pearson refused to concede on the costing of the works—which required, he argued, expensive dredging below a certain depth of excavation.¹⁷ In the light of this impasse, Pearson was summoned to speak, through an interpreter, directly to President Díaz. Whether Pearson knew of the board's favourable report is not entirely clear. According to Pearson's own account, as related to his biographer, J. A. Spender, because of his insistence on additional costs, he assumed that he had therefore failed to secure the contract. He was, of course, mistaken:

To my surprise ... the President said: "Well, if you won't give way, the Government will, provided you assure me on your honour that you will always treat the Government in the same way that you would expect to be treated by them, had they been in the saddle as they ought to be, instead of putting you there." I gave the promise without hesitation, and from the day the contract was made no question ever arose between us as to its fair interpretation.¹⁸

What ever favourable impression Pearson may personally have made on the members of Canal Board, and on President Díaz himself, there were, as has been suggested in Chapter One, clearly more profound reasons for his "surprise" success. First, Pearson's existing track record in public works contracting, and his access to and familiarity with the latest technology (in particular the use of mechanical dredgers) meant that the project had every chance of finally being completed quickly and efficiently.¹⁹ Second, the award needs to be seen in the context of the Díaz government's rapprochement with Europe and the renewal of diplomatic, commercial, and financial links with its former adversaries—Britain, France, and Spain—as a counterbalance to increasing economic dependence on US trade and investment.²⁰

Third, as already indicated, Pearson had some powerful agents working on his behalf. The personal interest taken by the president in the project and his approval of Pearson's proposals were clearly essential factors in securing the contract. In addition, he had the important support of his agents in Mexico, Duff Morison and, most important, Guillermo de Landa y Escandón, who acted as his intermediary in the negotiations with the Mexican government. De Landa y Escandón had extensive and profound **(p.66)** connections with the Porfirian political elite. A member of one of the wealthiest families of nineteenth-century Mexico, he owned extensive mining properties and rural estates (*haciendas*), and had been a senator for both Morelos and Chihuahua during the Díaz presidency. He became president of the Mexico City Council in 1900 and governor of the Federal District (Mexico City) in 1903.²¹ Not for nothing did Pearson later describe Landa as "my great friend in Mexico." This embryonic clientelist network would become one of the crucial factors in the evolution of Pearson's business empire in Mexico, and will be explored in greater detail below.

Fourth, the terms of the Municipal Loan of 1889, which provided a significant proportion (although far from all) of the financing for the Gran Canal, and the specific recommendation by Mexico's financial agent in London that the flotation would be much more likely to be successful if awarded to a British firm were undoubtedly highly influential in securing the deal. It is clearly not a coincidence, nor without significance, that, following on from the success of the flotation in London in March 1888 of Mexico's first international loan in more than sixty years, a further loan had been floated in London in 1889 for the specific purpose of funding the Gran Canal project. The loan was negotiated with the Trustees, Executors and Securities Insurance Corporation of London for a nominal sum of £2.4 million. Whilst the terms of the loan made no specific stipulation that a British company should be employed, it was the explicit view of the Mexican government's financial agent in London, Benito Gómez Farías, that the appointment of an English contractor would provide "important moral support in the eyes of the British public for the success of the works," and, therefore, the flotation would be more likely to find investors in London.²² Those same British investors would certainly prefer a British contractor who could more easily be held to account should the project run into difficulties, or should the Mexican government default on its payments, as many investors predicted given Mexico's track record throughout the nineteenth century.²³

Finally, the award of the Gran Canal project to an overseas contractor demonstrated the extent of the power exercised over Porfirian developmentalist Liberals by the ideological and conceptual link between overseas investment, technology, and expertise and the path to economic development and state-and nation-building. These links had been established in the minds of Latin American political leaders at the very birth of the Latin American republics in the 1820s. Throughout the nineteenth century, however, the goals of material progress and national development had proved to be very elusive. Equally difficult had been the maintenance of a balance between the extension of Mexico's links to the international (p.67) economy and the protection of national sovereignty from its hemispheric and European predators. Attempts to stimulate the export trade and attract foreign investment before the 1870s had faced numerous and seemingly intractable obstacles. Civil war, persistent failure to meet existing debt obligations, foreign intervention, and the lack of infrastructure and markets had all conspired to limit their development—even though recent research would suggest that such generalisations require further clarification and research, and that there were significant pockets of economic growth in the early postindependence period, albeit with considerable regional variation.²⁴

The second half of the nineteenth century, however, witnessed the convergence of factors which created far more favourable conditions for the implementation of the developmentalist project. The establishment of a greater degree of domestic political stability after 1867 combined with the expansion of global trade and finance in the last third of the nineteenth century and prompted renewed efforts, especially in the United States, to incorporate Mexico's economic resources and raw materials into the expanding international economy. These developments were facilitated by the consolidation of the administrative apparatus of the state—increasingly in the hands of an all-powerful Treasury (*Hacienda*)—which under Limantour's stewardship restored equilibrium to the balance of payments, restored Mexico's reputation in the eyes of international capital markets, reformed the tax system, and attempted to stabilise the peso.²⁵ The Mexican Treasury, therefore, became the driving force, in partnership with private capital, behind the extension of a banking and financial system, and the implementation of a project of infrastructural development—epitomised by the railway—and of an extensive programme of

public works which characterised the Porfirian era. Limantour and Pearson were, therefore, in their respective spheres, two of the key agents of this process of Porfirian development.

In this broader context, the central role attributed in the developmentalist discourses of Mexico's late nineteenth-century political and cultural elite to overseas capital, markets, technology, and expertise in Mexican national development needs to be fully understood. From the perspective of the inner circle of the Porfirian political elite—memorably and evocatively described by Mauricio Tenorio Trillo as “the Wizards of Progress”²⁶—the primary role of overseas intermediaries and entrepreneurs (such as Pearson) was to assist, literally and metaphorically, in the construction of the building blocks of the Liberal state and the Mexican nation. According to the *científicos*—the group of young “liberal developmentalists” or scientific positivists, the financiers, lawyers, and politicians who would group together under the protection of President Díaz's (p.68) minister of the interior (and his father-in law), Manuel Romero Rubio, and later coalesce around the political project of the Liberal Union in 1892²⁷—in order to join the modern world of scientific progress and material advancement, it was necessary first to study and understand the key components and stages of development achieved by other nations, and second to attract foreign capital, technology, and expertise to Mexico as integral components of the project of national development. This was, however, not solely an economic proposition, but one with profound cultural and even biological consequences. To adopt the biological metaphors so common in late nineteenth-century discourses of the Western world, the improvement of the Mexican national “organism” required a transfusion of not only foreign capital (*capital extranjero*) but also of foreign blood (*sangre extranjera*).²⁸

At the same time, the opening of Mexico's multiple frontiers (territorial, cultural, biological, political, and economic) to foreign penetration was a highly risky strategy. The dangers of foreign domination were all too real. To continue the biological metaphor—the injection of foreign microbes might strengthen the national organism, but they might also kill the patient. It was vital, therefore, for the state to strictly supervise the application of the medication—in other words, it was vital for the state to strengthen its role in protecting political and economic sovereignty from the very real threats posed by overseas penetration or infection. This aspect of the *científico* strategy has received much less attention than it ought to have done—and much less than the familiar stereotype of a supine government ideologically driven by *laissez-faire* economics, entranced by market forces and genuflecting at the feet of overseas investors or entrepreneurs.²⁹

For Limantour, appointed as Díaz's minister of finance at the age of thirty-nine as one of the youngest and most gifted of Romero Rubio's protégés, Mexico's elites needed to guard against the excesses of either an inferiority complex toward Europeans, which placed the latter and their social and material progress on a pedestal, or, at the other end of the spectrum, a self-satisfied arrogance that Mexico had little to learn from the outside world. In a revealing exchange of correspondence with the *científico* lawyer Pablo Macedo, who worked under Limantour in the Ministry of Finance and who was visiting Paris as one of Mexico's representatives at the Universal Exhibition of 1900, Limantour chided Macedo for his observation that Mexicans were an irredeemably inferior people in relation to Europeans. Macedo wrote in awe of European “superiority”: “How small we must seem to the superior peoples here, and if they were ever to visit us they would see how far we still have to travel to be something.”

(p.69) Limantour, who was unquestionably the *éminence grise* of the *científicos*, replied:

It is true that we have a long way to travel to be something in this world, but that is not what should sadden us—because we have amongst our assets certain advantages which should not be undervalued. What should sadden us is the comparison between what we have done and what we could have done with these same elements if only we had judiciously studied the advances these nations have achieved. What disturbs me is not our relative level of backwardness, but the presumption and vanity of many Mexicans who think that we should be satisfied with what we have, and that we can learn little or nothing from abroad.³⁰

In the specific case of the Gran Canal, Limantour, from his position as a founder member of the *Junta del Desagüe*, had made it clear that he believed progress had been hampered, and would continue to be hampered, by the lack of practical skills, technology, technical expertise, and experience available in Mexico, in contrast to “the superiority of the contractor of large-scale public works, a profession which is unfortunately completely unknown in our country.” The only solution, as he explained to the Mexican minister in Brussels in 1887, was to search outside Mexico, especially in Europe, to find “an eminent engineer, a man of recognised experience, who would be prepared to come to Mexico to take charge of the organisation of the works and study the practical means for its completion.”³¹

The convergence of all of these factors explains the award of the Gran Canal contract to Weetman Pearson in December 1889. For the thirtythree-year-old Pearson, the award was a significant achievement in itself, since it represented by far the most extensive and largest project he had undertaken up to that point in his career. It also provided him with the base from which his business empire in Mexico would be extended. In the rest of this chapter I shall therefore focus on three key elements which facilitated its expansion: First, the cultivation of an extensive clientalist network with the Porfirian political elite, which included not just those at the apex of the political hierarchy, such as the president and his minister of finance, but a range of politicians, professionals, and national and provincial officeholders. Second, the construction of this network required an assiduous adaptation to Mexican business and political etiquette, which necessitated the payment of retainers and special payments or salaries to individuals who performed a variety of services to the firm in a number of capacities, usually as lawyers or advisers and sometimes as special agents engaged in industrial espionage. At the same time, the firm made “loans” to prominent politicians or to government employees.³² These “advisers” (p. 70) or “agents” were usually members of the social and political elite with particular posts in the state bureaucracy whose public roles had a bearing on some aspect of the firm's business activities.

Third, Pearson's willingness to provide additional services to the Mexican government, such as those of diplomatic or political agent, publicist, and general advocate, further extended his connections with the Mexican political elite. When Limantour described Pearson in 1898 as “agent and representative” (*agente y mandatario*) of the Mexican government—in the context of the award of the Tehuantepec National Railway contract—he was describing the essential nature of Pearson's relationship to the Díaz government and its modernisation project.

The Establishment of a Clientalist Network

One of the central arguments of this book is that Pearson's success in his Mexican enterprises was due to the clientalist network which he and his senior managers and lieutenants in Mexico—from the 1890s, John Body, and after 1901, Thomas Ryder—developed in the two decades between 1890 and 1910. As already indicated, the prevailing discourses espoused by a Porfirian elite wedded to the notion that national development could be achieved only by attracting foreign capital and therefore protecting the interests and, especially, the property rights of overseas investors clearly made the task of constructing this network a good deal easier. Neither was it a case of having to construct a clientalist network from scratch, since the close linkages between business and politics through such elite networks have always been pervasive in Mexican society, and they proliferated during the Porfiriato.³³ What Pearson needed to do was to infiltrate the social networks which already existed, and to develop them. To do so required a level of commitment to, understanding of, and above all, empathy for the Porfirian national project. It also required an instinctive understanding of Mexican business etiquette.

Clientalist networks clearly had mutual benefits for both parties. The advantages to Pearson were obvious, but they also helped Pearson's collaborators to consolidate their role as intermediaries with overseas capital, and, on that basis, to secure important political and administrative positions within the Díaz regime. As Ariel Rodríguez Kuri and Manuel Perló Cohen have pointed out, because these young businessmen and financiers would later become recognised as members of Limantour's *científico* clan or *camarilla*,³⁴ it can be argued that the Gran Canal contract played an important role in the consolidation of this influential political and financial group. For example, two of the principal Mexican **(p.71)** beneficiaries of Pearson's Gran Canal contract—Guillermo de Landa y Escandón and Sebastián Camacho, both original shareholders in the National Bank (established in 1882),³⁵ to whom Pearson gave the responsibility for the allocation of an extraordinary fund of US\$500,000 for “special expenses” in association with the implementation of the contract—would take advantage of this newly found power to exercise greater influence and ultimately take control of the Mexico City Council (*Ayuntamiento*) in subsequent years. Camacho would be president between 1894 and 1897, and de Landa y Escandón president between 1900 and 1902. De Landa y Escandón would also act as inaugural governor of the Federal District (Mexico City) from 1903 to 1911.³⁶

In keeping with the prevailing ideological discourses outlined above which lauded the technical skills and financial acumen of foreigners, the favourable treatment of overseas businessmen and foreign investors became central to the character, structure, and development of the Díaz regime. Foreign intermediaries brought either their capital or (as in the case of Pearson) their expertise and financial contacts to the construction of major development projects which would, on the one hand, create a modern infrastructure of the nation and, on the other, on a more prosaic and perhaps more venal level, increase the value of the properties which the Porfirian elite was in the process of acquiring. The type of business practices adopted by overseas entrepreneurs and their Mexican allies operated as a form of what William Schell describes as “tributary capitalism,” which operated during the Porfiriato in the absence of more formal, regulatory institutions.³⁷ Foreign entrepreneurs thus collectively acted as a powerful and significant pro-Díaz *camarilla* within the structure of Porfirian domestic politics, but also acted as advocates or lobbyists for the Díaz government with their own national governments.

Crucial to what evolved over the years as a special relationship between Pearson, his agents, and the Mexican government was the fact that Pearson (when he was in Mexico) and Body were invited to regular, private meetings with both the president and his finance minister. It must be

said in this context that personal invitations to the presidential palace at Chapultepec made to overseas businessmen were commonplace, especially if the latter were, like the president himself, members of Masonic lodges. There are numerous examples. In one case, Díaz explained to the representative of US businessmen seeking a railway concession in 1900 that “the attitude of the government was friendly to foreign capital, and I would regard it as a great misfortune if any foreign capital should withdraw from my country.”³⁸ Another US visitor came away with the impression that foreign businessmen were able to gain the more privileged access to the president's counsel than Díaz's own ministers:

(p.72) He [Porfirio Díaz] said that, so far as the ambassador was concerned, he was a Mexican, for whom *mañana* would do as well as today. As for the Secretary of Foreign Affairs, he could also wait. But I, as one of the “collaborators in the development of Mexico,” deserved instant admittance, day or night, for “Mexico herself” waited on me.³⁹

At the same time, a personal visit to the president was essential for any overseas entrepreneur who wanted to establish a business enterprise in Porfirian Mexico, given the hierarchical structure of Mexican politics and the extraordinary, if not absolute, authority of the president at the apex of the pyramid. British Minister Reginald Tower commented in his annual report to the Foreign Office for 1907 on the autocratic nature of Porfirian political culture, and the fact that the authority of the president over his cabinet was “absolute.” He commented further: “It often strikes me as strange in a Republican country to hear the responsible minister in charge of a Department of State say ‘if I get orders to that effect from the President I shall be very glad to do what you ask.’”⁴⁰

In the case of the Pearson firm's interests, there was clearly also an element of necessity and routine in the regular meetings between Díaz, Limantour, and John Body, given the extent and importance of the firm's government contracts. Nevertheless, the degree of confidentiality and the guarantees, assurances, and advantages received by Pearson and Body from both Díaz and Limantour at these meetings were both extensive and exceptional.

One example illustrates the president's willingness not only to exercise authority over the Mexican judiciary, but also to do so specifically in order to assist the firm. Body protested directly to Díaz at a private meeting in 1908 about a decision taken by Minister of Development Olegario Molina which he perceived to be against the firm's interests. Díaz informed him that the matter “will be settled,” but in a manner which would save the embarrassment of his minister: “Señor Molina has asked me not to reverse the decision, and on that account I abstain. The case will go before the Supreme Court, and I have given them my instructions as to their judgement.”⁴¹

The president's relationship with provincial governors was always more complex and varied than the traditional image of executive centralisation during the Porfiriato would suggest, but where it was effective, his influence with the provincial governors could also prove to be very useful in securing contracts for Pearson.⁴² At a private audience in July 1905, for example, Body told the president that the governor of Veracruz, Teodoro Dehesa, was “compromised to some Americans” over the Coatzacoalcos sanitation contract, and had therefore not granted it to Pearson's firm. Díaz told Body that he:

(p.73) doubted if the Governor was compromised to the extent reported, but, no doubt, what many of them would be looking for down there would be some compensation from us if we got the work, and he told me to be very careful of any arrangements we might make with these people, as their word was not always to be depended upon. He told me he would see the Governor who was now in town and recommend to him that we should be given the work and be preferred on equal terms with anyone else.⁴³

The intervention brought direct and tangible rewards. Body reported several months later that "Dehesa had formally been hostile to us," but now had changed his attitude and welcomed Body to Veracruz "with open arms."⁴⁴

A further example of the way that business was conducted in Porfirian Mexico, of the crucial role of presidential *imprimatur* in the awarding of contracts, and of Pearson's adaptation to Mexican business etiquette can be seen in the negotiations surrounding the major contract for the refurbishment of the port of Veracruz. This was Pearson's second major contract after that of the Gran Canal. In November 1894 Pearson wrote to Guillermo de Landa y Escandón to inform him that he had had a visit from the Mexican engineer Agustín Cerdán, the Mexican contractor for one of the breakwaters at Veracruz, and from the newly appointed Mexican financial agent in London, Luis Camacho. Cerdán explained to Pearson that he had nearly completed the breakwater contract he had been awarded in 1887 but that his attempts to tender for the remaining contracts for the port works in partnership with "a French firm" had been rejected by President Díaz. He then told Pearson that the Mexican government was prepared to pay some Mex\$8 million for the remaining works and that "when he and the President had talked over matters in times past, that the President had expressed a wish that we would take the matter in hand, but he was almost afraid to mention it as our prices were so high."⁴⁵ Cerdán then confirmed that the president's confidence in Pearson meant that the firm "could get a better price than anybody else ... and the Government was prepared to pay pretty liberally for it."

Cerdán then made what at first appeared to be a gesture of self-sacrifice, offering to "go into the business with us, he leaving the management entirely in our hands, or he was prepared to step on one side for us to have the contract to ourselves." Pearson immediately recognised that Cerdán was inviting him, in accordance with the rules of Mexican business etiquette, to offer "a small share" to him for this information, and for his assistance in delivering the contract to Pearson's firm. After a further lengthy exchange of correspondence between Pearson and de Landa y Escandón, and after Pearson's tender had finally been accepted, it was agreed to pay Cerdán a "fee" of Mex\$200,000.⁴⁶

(p.74) The views of Luis Camacho, Mexico's financial agent in London under Limantour's long tenure of office, who accompanied Cerdán to the initial meeting with Pearson in November 1894, were also clearly influential in convincing the president that the Veracruz contract should be awarded to Pearson. Camacho wrote at length to explain to Díaz that, although Pearson's tender was more expensive than the others which had been received, the government could be confident that the works would be completed correctly and to the required specification. The letter also serves to explain one of the fundamental reasons why Pearson would be awarded the Tehuantepec Railway contract four years later:

In my opinion, if the Government wants the Vera Cruz port works finished, the best thing it can do is to take advantage of Mr. Pearson's willingness to take it on, and offer him the contract. Perhaps his terms and conditions are more onerous than those of any other contractor; but, in my judgement, two vitally important points must be taken into account. First is the magnitude of the works, and, second, that the Government, knowing the outcome of the works this firm has undertaken, is guaranteed to have the works carried out to the letter, and finished correctly; and perhaps in the final analysis this will be more economical on such a large scale project, because, if the contract is offered to another firm which does not offer the same guarantees, and instead offers more attractive conditions, and ones more favourable in terms of bud get, but without bothering about the fulfilment of their commitments, even at the cost of sacrificing their deposit, which may have been calculated in advance, the most probable outcome will be negative, that the works will never be completed, and the port will be in worse condition than it was before; or that it will end up costing two or three times more than it should. The example of the Tehuantepec Railway which has cost the nation so many sacrifices, and so many heartaches for the Government before its completion, is the absolute proof of my point of view.⁴⁷

Although no evidence has been uncovered to suggest that Pearson directly rewarded Luis Camacho for his services to the firm (although there is also no evidence that he did not), the demands of business etiquette nevertheless required that some recompense be given. In this case it was a job in the firm's London office for Luis's son Dionisio.⁴⁸

The reciprocal nature of this clientalist network meant that Pearson, in exchange for suitable financial or other rewards, was able to enlist the support and assistance of, as he put it, "the most influential political and financial men in Mexico" as advisers or members of the boards of directors of his numerous enterprises. A specific example was the appointments made to the board of directors of S. Pearson and Son Sucesores, registered as a Mexican company in October 1909 and charged with carrying out all of the firm's contract work in Mexico.⁴⁹ A further example was the composition of the board of the El Aguila Oil Company in December 1909, (p. 75) which contained the "*flor y nata*" (literally, the "flower and the cream") of the Porfirian political and financial elite (including, once again, de Landa y Escandón and "Porfirito" Díaz, the president's son).⁵⁰

The Relationship with Limantour

As already indicated, the role played by Limantour as the architect of the project of national development pursued by the Díaz government after 1893, and that played by Pearson as one of the government's principal overseas agents, meant that the relationship between them was of vital importance. The relationship was characterised by elements of clientalism, and certainly conformed to the rules of Mexican business etiquette, but fundamentally it was defined and determined by the roles each assumed in relation to the Porfirian project of national development.

It was clearly a crucial relationship from the point of view of Pearson's Mexican business interests, which were initially constructed on the basis of government contracts paid for by public funds raised through public debt, over which Limantour presided as the minister of finance. Keeping in close contact with Limantour, and keeping him informed through regular, private meetings of the firm's activities and plans not only was a necessity for Pearson but also

became a fundamental instinct, and one which continued long after the collapse of the Díaz regime in 1911.⁵¹

By contrast, Limantour's central task was not only to attract foreign capital and overseas entrepreneurs to Mexico but also to protect Mexico's economic and political sovereignty. According to his own dry and cautious account of his tenure of public office, his principal concern on entering the Ministry of Finance in 1893 had been the stabilisation of Mexico's public finances, which had been severely undermined by years of deficit financing and the severe fluctuations in the international price of silver, on which the value of the Mexican *peso* was based. The primary goal was to secure a balanced bud get, by reducing government expenditure, stabilising the *peso*, and introducing fiscal reforms (reducing, for example, the Treasury's dependence on taxes on commerce, which dated back to the colonial period, and replacing them with a new stamp tax on consumption, manufacturing, and a range of business transactions). These measures were designed to increase government revenue, with the longer term aim of eliminating the permanent fiscal deficit from which all nineteenth-century Mexican governments had suffered, and which had contributed to their downfall.

The second task would be to consolidate and improve the management of Mexico's public debt, with the principal aim of reducing the burden (**p.76**) of Mexico's dependence on short-term or “floating” debt contracted at high rates of interest, and to renegotiate more favourable terms with Mexico's creditors in order to reduce the burden of servicing debt repayments. Stricter supervision and regulation would allow, at the appropriate moment, new loans to be secured and public debt to be increased, in order to provide “benefits to the nation” in the form of a national rail network and extensive public works. But public debt required prudent management and, of crucial importance, the restoration and improvement in the level of confidence in Mexico and Mexican securities in international financial markets, as part of what Limantour referred to as the need to pay close attention to the “psychological aspects of credit” (*el lado psicológico del crédito*). He explained this aspect of his strategy in quasi-mystical terms, arguing that the purpose of government action was

to instil, at a national and international level, the hope, which little by little will be transformed into a principle, that the road to salvation has been found and will be pursued with firmness and conviction. In the front line of these government actions must be an honourable and vigorous will to establish order and pay back what is owed.⁵²

The third, no less ambitious, but certainly less quantifiable aspect of Limantour's strategy would be a moral crusade to “instill a sense of public morality” (*moralizar*) in the staff and in the administrative procedures of the Ministry of Finance, “to persecute fraud and destroy the corrupt practices which have left us three quarters of a century of revolutions, bankruptcy, and disorders of every kind.” Only then could the government embark upon a programme of legislative reform to create an environment more conducive to entrepreneurial activity, abolishing internal restrictions on trade, introducing monetary reform, and exercising tighter control and regulation of the banking system.

What Limantour and his predecessors in the Ministry of Finance (most notably Matías Romero, minister for three separate terms of office in 1868–72, 1877–79, and 1892–93), were advocating was nothing less than a radical restructuring of public finances in order to provide a boost to the Liberal project of national development.⁵³ It required the centralisation of financial and economic planning, the consolidation of Mexico's public debt, tax reform, monetary stabilisation, and close supervision of all the projects either subsidised or funded by public debt by the

Ministry of Finance (and, naturally, in the hands of the minister of finance). At the same time, it required a restructuring of the basis on which the programme of large-scale public works at the heart of Porfirian state-and nationbuilding would be financed and constructed. No longer would the state offer concessions and subsidies to private companies willing to undertake **(p.77)** large-scale engineering projects (such as had been the case with the development of the railway network). In the Limantourian vision of the future, public works projects essential to the creation of a modern state and a progressive economy would be planned and financed by the state. There were limitations, however, on the extent of state control. Limantour believed that the state was a poor manager and, as a result, always sought managers from the private sector to run public works projects (as would be the case of the Tehuantepec National Railway, discussed in the next chapter).

This strategy was clearly favourable to the interests of public works contractors, such as Pearson, and it would provide the basis on which Pearson's business empire in Mexico would develop. All the responsibility for planning and financing public works projects rested with the Mexican government (and, fundamentally, with Limantour). What Pearson had to do was convince Limantour that he understood and supported the strategy, its purpose, and its implications, and that his firm had the requisite experience, expertise, and integrity, and therefore constituted the most effective option. In this endeavour, Pearson was spectacularly successful. As Patricia Connolly has emphasised, the public works contracts awarded to Pearson and his firm between 1890 and 1911 represented no less than a third of total Mexican state investment in public works over this period.⁵⁴

Pearson was fully aware, nevertheless, that his relationship with Limantour was an unequal one, and his role as agent, representative, and partner (as would be the case with the Tehuantepec Railway) of the Mexican government was essentially a subordinate one. At the same time, Pearson, as an ambitious and independent entrepreneur, would also be tenacious in defending his business interests and in seeking to maximise the opportunities for profit which the Porfirian modernisation project opened up for him. As a result, Limantour's determination to exercise tighter government regulation over the management of public finances and government spending meant that he would frequently lock horns with Pearson on a number of issues, usually relating to the escalating costs. At times, their relationship would be anything but harmonious.

For some commentators, the nature of their personal relationship was attributable to the personalities of the two men. According to José López-Portillo y Weber, for example, the personal rivalry stemmed from personal similarities, especially in relation to their close attention to detail. They were “birds of a feather” (*aves del mismo plumaje*) who fought “peso for peso, centavo for centavo” over the details of Pearson's public works contracts.⁵⁵ Guillermo de Landa y Escandón suggested that Limantour had a sneaking regard for Pearson's negotiating skills, and told Pearson that Limantour “is a very hard man to deal with.... and he believes you are the **(p.78)** only man who gets the best of him.”⁵⁶ Limantour's respect was clearly reciprocated. Pearson explained to London financier Henry Osborne O'Hagan that “the ablest man [in Mexico] is Limantour, the Finance Minister.”⁵⁷ During the tense negotiations surrounding the establishment of his oil company, El Aguila, in 1908, Pearson told his wife following a meeting with Limantour: “He is the same as of old—but there will be a fight before I get what I want from him.”⁵⁸

Even a superficial reading of the correspondence between these two key agents of Porfirian modernisation over a period of nearly three decades indicates that Pearson was always cautious, courteous, and even deferential in his interactions with the man who would be the key figure determining the fate of his business interests in Mexico. This caution was also no doubt enhanced by their initial interactions over the Gran Canal, which had been far from easy.⁵⁹ Pearson was certainly never afraid of confronting Limantour, but he would always be prepared to negotiate, to compromise, and even to back down in the interests of moving the negotiations forward. Pearson recognised Limantour's puritanical qualities, but also his vanity, and acknowledged in a very pragmatic way that Limantour had the ultimate word over the approval and expenditure of public works projects, and over which projects would be presented to the president for approval.⁶⁰ It was vital, therefore, to maintain Limantour's approval and support. As he explained to Body in the context of the early development of his oil business after 1901, "It is essential to keep Limantour satisfied ... and let him be convinced that we are absolutely straight in all our actions."⁶¹

Illustrative of this high degree of calculated—and calculating—deference shown by Pearson was his fawning letter of congratulation to Limantour following the latter's appointment to the post of minister of finance in June 1893. It demonstrates once again the qualities Pearson himself most admired, as well as his own deeply rooted political instincts:

General Díaz and the whole of Mexico have been fortunate in securing your services. Great ability, absolute thoroughness, a passion for hard work, integrity and a character commanding confidence both in Mexico and in Europe ... these qualifications, permit me to say, you have. Your external debt bonds will, materially, and surely, if slowly, increase in value, and the Dawn of Prosperity will quickly return to Mexico. I sincerely trust that your health may not suffer from the strain of office, and that you may long guide and control the destinies of your high office and so restore to Mexico that Financial Position in the world which she should occupy.⁶²

Further evidence of deference, nuanced by a quiet determination to argue his corner, can be found in the correspondence between Pearson (**p.79**) and Limantour over payments made in the stages of the Veracruz port works project, granted to the firm in 1895. After one serious disagreement in May 1897, Pearson wrote, in conciliatory mode:

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.⁶³

There is no doubt, however, that Limantour always had the upper hand in negotiations. Even when Limantour may have favoured Pearson's tenders over those submitted by other contractors, it did not mean that the firm would always be awarded the contract. An example is the negotiation in 1901 surrounding the contract for a dry dock at Veracruz, a project supplementary to the contract for the modernisation of the port which had already been granted to the firm. In one of his regular meetings with Limantour, Body had even been given confidential information which had allowed him to assess rival tenders for the dry dock before submitting a bid. In the event, Body's tender was considerably more expensive than that of their principal rival for the contract.⁶⁴ Instead of rejecting the Pearson tender outright, Limantour tried to persuade Body to reduce his prices, arguing that the firm's experience and knowledge in

the port works since 1895, and the fact that they already had an experienced and competent team of engineers and workers on site, would enable Pearson to reconsider his pricings. Although it was clear that Limantour preferred S. Pearson and Son to get the contract, Pearson was prepared only to make minor concessions. Finally, Limantour decided that, given the considerable expenses already committed at Veracruz, “perhaps it would be convenient to stop for the present and to think about other works which might be more important than the dry dock at Veracruz.”⁶⁵ The project was postponed, to be resurrected in very different circumstances in 1913.⁶⁶

Also illustrative of the dynamics of the relationship, and Limantour's use of brinkmanship, is the fallout between Pearson and Limantour over the final stages of the negotiations over the terms of the Tehuantepec National Railway contract in 1898. Pearson was indignant that last-minute changes had been made to the original agreement,

such as would, in my opinion, be certain to involve the Contract in a serious loss ... I extremely regret that my mission to Mexico has not been more successful, but I have the satisfaction of feeling that the failure can in no way be attributable to me.... I have devoted four weeks of my time exclusively to this Contract (p.80) and it has had my best thoughts. I have done everything I could to meet the wishes of the government; in fact, in my desire to please, I have conceded many points and agreed to others that my experience and judgement tell me it was unwise to do.⁶⁷

Limantour's response was equally indignant and expressed the hope that “you will not continue to bear the unjustified reproach in your letter to me last night, a reproach which I did not think you were capable of expressing to me.”⁶⁸

In these combative exchanges, often involving bluff and counter-bluff, there was no doubt who was the victor. As soon as Pearson received Limantour's letter, he immediately wrote back in stumbling prose and an apologetic, almost obsequious tone:

I regret extremely that my letter should have caused you pain, the very last thing I desired to do. My letter was wrongly expressed as what I meant was that questions were raised that had been granted in the first contract. I beg you to always remember that I must be indulgently judged as I fail to give sufficient clearness [*sic*] to my views.⁶⁹

To make amends, Pearson enclosed a gift, a tiepin (*fistol*), with the letter. Limantour responded with thanks and reiterated that he regarded Pearson “with the same respect as ever.” Although Pearson was eventually awarded the contract, he was left in no doubt that Limantour was in charge and that he retained the authority to determine how all aspects of the terms of the contract would be implemented.

Even in the case of the oil business, to which, as will be explained in Chapter Five, Pearson began to devote more time, energy, and interest than any other of his Mexican enterprises after 1901, he was highly deferential to Limantour. During the early phase of negotiations with Henry Clay Pierce over a possible amalgamation of El Aguila, now registered as a Mexican company, and the Waters-Pierce Oil Company in 1909, Pearson confirmed that “I had not entered negotiations without first asking Mr. Limantour's permission to do so.”⁷⁰ As Pearson recognised, Limantour's role and influence in the negotiations over the future of his oil business was vital. As he confided to his wife:

Of course, any pressure we can get [Limantour] to exert will be of inestimable value. He is with us. But at the same time, he cannot go further than say the Government must assist as far as it properly can a Mexican Company.⁷¹

Although the relationship was principally formal and businesslike, there were moments nevertheless which indicated a degree of human contact, even empathy. For the most part, the exchanges were polite and conformed to conventions of social class and etiquette, such as enquiries **(p.81)** about personal health (Limantour's was notoriously fragile) and the conveyance of good wishes to spouses and family. Occasionally there were surprises, since most of the correspondence consisted of Pearson contacting Limantour rather than the other way round. Pearson was, as a result, surprised to receive a personal letter from Limantour congratulating him on his fourth reelection as MP for Colchester in 1906.⁷²

When news reached Cowdray of Limantour's resignation in May 1911, he was clearly moved as well as concerned. He sent a tele gram to Limantour: "Most profoundly regret your leaving government: such regret is universal: result of your unparalleled work will speak for all time."⁷³ There is evidence that the relationship became even closer after Limantour's exile to Paris. When, for example, Cowdray learned that Limantour had been declared free of all the charges levelled against him by the Carranza government, he was able to expand on his admiration for the former minister of finance, in his characteristically convoluted prose:

History will do justice to you, to whom Mexico is indebted to an extent that can only be appreciated by those (like myself) who had the opportunity of knowing your brilliantly able and self-sacrificing work. But waiting for history to vindicate one's character or to realise one's worth is neither satisfying nor very comforting.⁷⁴

Much of the correspondence after 1911 concerned Cowdray's involvement in the Huerta government's abortive attempts to raise a loan in London, and the possibility that there was oil on Limantour's properties in the isthmus (there was, unfortunately for Limantour, no oil, or nothing which could be profitably exploited).⁷⁵ But there were many other favours which Pearson performed for the ex-minister. When, for example, Limantour tried to pay for the cost of transporting a family friend across the Atlantic to visit Mexico, Body insisted that "Lord Cowdray will not hear of it ... we have often called upon you, and want to feel free to do so at any time, and we want you to feel perfectly free at all times to call upon us."⁷⁶ Cowdray wrote to Limantour a year later and extended his offer: "do not hesitate for one moment to call upon me for financial assistance whenever you need a friend to help you."⁷⁷

In fact, Limantour's confidence, trust, and above all, dependence on Body and Cowdray increased as his contacts in Mexico and the United States became less available or less trustworthy during the course of the Mexican Revolution. In October 1916 Limantour decided to sell some of his properties in Mexico in order to, as he put it, "salvage as much as possible from the shipwreck which is Mexico." He proposed selling "all of my estates in the centre of the capital including my own home, which might be used for an Embassy, my country house in Mixcoac, and my estates on **(p.82)** the Isthmus." Despite his professed hostility to the United States, he was interested mainly in selling to US buyers for US dollars. He asked Body to help, or to find a "discreet and trustworthy" individual who would act as his representative. Body replied that he would be glad to oblige.⁷⁸

Adaptation to Mexican Business Etiquette

The extensive clientalist relationships with the Porfirian elite were cemented by a range and combination of interpersonal contacts, financial rewards or payments in the form of fees or retainers, and personal favours which complied with Mexican social and business etiquette.

Percy Furber, the British businessman who arrived in Mexico in the 1890s and preceded Pearson as one of the first pioneers in the Mexican oil business, expressed familiar cultural stereotypes of the peculiarities of life in “Latin countries” but also commented perceptively on the advantages in Mexico of having friends in high places, and the advantages of being a member of the Jockey Club in Mexico City, which allowed him to socialise with the Porfirian elite:

It is generally accepted that a foreigner in a Latin country gets along better, whatever his business, if he first makes friends socially. I found this to be true, especially when it came to avoiding the natural Latin tendency to delay ... once I had made friends at the Jockey Club I could meet a government minister or other persons of importance at the club instead of having to wait interminably for an appointment at an office, and what ever I wished to accomplish was put through without the usual red tape.⁷⁹

What Furber had identified, and what Pearson also recognised at an early stage, was the necessity of adapting to Mexican business etiquette and, more generally, to the rules associated with what might best be described as Mexico's ritual and hierarchical *cultura de la amistad*, for which a literal translation into English (“the culture of friendship”) inadequately captures the level of obligation, loyalty, and commitment it implies. The importance of the culture of friendship not just to modes of social interaction, but also to politics and to the conduct of business in Porfirian Mexico, was explained by Andrés Molina Enríquez in his influential contemporary analysis of what he saw as the evils of the Díaz regime. Here, Molina Enríquez describes the regime as one fundamentally based upon ritual exchanges of *amistad*:

The fibres which twist and intertwine within the system and converge on the knot which is the figure of President Díaz are based upon personal “*amistad*,” a friendship which ... gives the individual a right to extract everything that the (p.83) friend can concede, depending on the degree of friendship and the status, personality, and circumstances of the friend in question; but it also, by contrast, imposes equal obligations on the recipient to respond in kind.⁸⁰

For Molina Enríquez, it was a system which operated at all social levels, and which created a cohesive bond far stronger than patriotism, which, he explained, “has never been a concept of sufficient precision or clarity to serve as a unifying bond between all sectors of society.”

For his part, Limantour railed not only against the culture of “friendship” but also against the culture of “patronage,” the common practice in Mexico by which members of the public presented themselves at the offices of public officials, at all levels of the state bureaucracy, from local municipal presidents, through state governors, up to the president of the republic, with petitions for special favours on behalf of themselves, members of their immediate or extended family, or their communities. For the petitioners, their claims to special favours were justified on the basis of close or tenuous personal links through family or kinship ties (*compadrazgo*) to the official in question, or because they had been personally “recommended” to him by another individual with family or kinship ties, or because the petitioner had performed some *ser vice*

either to the official being petitioned or to the nation itself (usually in the latter case through military *ser vice*):

The more senior the public official, the more crowded the reception rooms of their offices, and the greater the guile and nuisance of the petitioners. Their pretensions are limitless, and it can be stated without exaggeration that nearly all of them come to these audiences to request things which are either absurd or against the law, and they consider that the request should be automatically granted because the petitioner has “recommendations,” almost always based upon sympathy or kinship, or on *ser vices* supposedly rendered to the nation.⁸¹

Pearson and his representatives, and all other members of the overseas business community whose numbers swelled during the course of the Porfiriato, were obliged to adapt to these deeply rooted cultural practices, and to their accompanying rituals of gift-giving and reciprocal obligation. They did so, partly to assist the smooth running of their businesses, but also as a precaution against offending public officials, or, as Thomas Ryder, the general manager of Pearson's oil business (*El Aguila*), euphemistically explained to Pearson, “the inadvisability of making enemies of politicians.”⁸²

Pearson not only paid fees, commissions, “retainers,” and loans to prominent members of the elite, but also ensured that the conclusion of business contracts was supported by lavish gifts and bonuses. For example, following the extension of the Gran Canal contract in 1891, he sent **(p.84)** presents not only to President Díaz (he suggested to Body that “a gun would be better than a carriage for the President”) and to the negotiator of the contract, Guillermo de Landa y Escandón, but also to Landa's brother, and to the Mexican engineers involved in the project.⁸³ At the same time Rincón Gallardo, president of the *Junta del Desagüe*, received £1,000 “to cover his expenses” and “a pair of racing fillies,” valued at £2,000. Lionel Carden, the British minister in Mexico, was rewarded for his support for Pearson with a Coupe Brougham carriage, which was registered as a gift to Carden's wife in order to avoid any suggestion that Pearson was bribing consular officials.⁸⁴

A further example provides evidence that the firm found lucrative posts for public officials as agents or representatives of overseas firms. Angel Peimbert, described by Body as “the engineer who built the Juile Railway for S.P.&S.,” and subsequently, the government's inspector on the Tehuantepec Railway, was named the agent in Mexico for the Wouldham Cement Company of Essex, which Pearson had acquired in 1899. Unsurprisingly, Wouldham's cement was used extensively in the port works at Veracruz, Coatzacoalcos, and Salina Cruz.⁸⁵

Perhaps Pearson's most notorious, controversial, lavish, and ill-judged gift was the solid silver fitted dressing table which he presented to the daughter of President Victoriano Huerta in July 1913. It not only appeared to confirm his endorsement of the military coup against the constitutionally elected government of President Francisco Madero, but also was widely interpreted as an indication of his influence in securing British diplomatic recognition for the Huerta regime.⁸⁶

The individual who received more “gifts” than anyone else was, naturally, Finance Minister Limantour. He was showered with luxury goods and objets d'art of European manufacture and, on a regular basis, with crates of his favourite indulgence or “tipple”—Scotch whisky. This giftgiving was accompanied by a standard, ritual response from Limantour, insisting that he pay for any associated expenses. In an equally ritual response, Limantour's request was ignored. For

example, in 1896 Limantour wrote “to thank Sir Weetman for the cut-glass dinner service which he had received. In an attempt to deflect any suggestion that this was an inappropriate gift, Limantour asked for the bill but received no reply.”⁸⁷

Limantour received not only gifts of luxury goods but also a range of personal favours and services. He and his family were given an open invitation to Pearson's residences in Mexico City, Orizaba (where Pearson was chairman of the board of directors of the Santa Gertrudis Jute Mill), Veracruz, and the United Kingdom.⁸⁸ Pearson allowed Limantour to use his private railway coach for his trips to and from the United States and **(p.85)** even acted as an intermediary in procuring a succession of English governesses to educate the children of the Limantour family.⁸⁹ While Limantour was in London in 1903, Pearson arranged for him to visit Buckingham Palace to have a private audience with the King, and also arranged for Limantour to receive an invitation to attend a state ball in honour of the president of France.⁹⁰

Although there is no evidence that Limantour ever received any form of direct loans or payments from Pearson, he was certainly offered very generous terms for oil exploration rights on the extensive properties owned by Limantour and his brother Julio on the Isthmus of Tehuantepec (see Chapter Five). The last, and perhaps most bizarre service he received was in September 1919 when Body employed a private detective to investigate the background of an army captain from Scotland who was seeking to marry the daughter of one of Limantour's acquaintances.⁹¹

Here it is appropriate to pose the question as to whether the retainers, loans, and gifts with which Pearson showered public officials and prominent members of the Porfirian elite constituted what Limantour, more than a little ironically, later himself described as the “corrupt practices” (*corruptelas*) which were rife in Porfirian Mexico.⁹² Pearson's experiences as an international contractor had certainly exposed him to the widespread corruption of public officials, and he was fully aware of how the system operated. On his trip to Europe and the Middle East as a young man of twenty-two in 1878 he had described his experiences in Turkey in very explicit terms:

On landing we were desired to register our names at the passport office which we did, but on leaving the officer in charge demanded Bucksheech [*sic*] but we did not respond to the outrageous request. A person on becoming acquainted or having to deal with any Turkish official from the highest to the lowest, from the Judges of Governors to the Custom House examiners is made aware that nothing can be done without Bucksheech & with it, everything. The entire system of government is rotten to the core.⁹³

Here it is worth noting that throughout his many years of dealing with Mexico and Mexicans, there is no evidence that Pearson ever described them in anything other than complimentary terms. This distinguishes him from many of his compatriots who travelled to Mexico in this period, and returned to describe Mexico in derogatory terms as a country which abounded with lawlessness, corruption, foul odours, religious bigotry, and congenital sloth, or, as Alan Knight has succinctly described it, with “smells, bells and lazy natives,”⁹⁴ He certainly never accused its citizens or its ruling clan of being corrupt.

(p.86) In fact, the opposite was the case. Pearson was often highly complimentary about Mexico and its ruling clan. In 1915 Limantour approached Body to secure funding for a book to be written by historian, constitutional lawyer, and politician Emilio Rabasa as part of a “publicity campaign” to explain to the citizens of the United States “to what extent Mexico, and honest, intelligent, & law abiding citizens of that country have suffered” as a result of the Mexican

Revolution. Body, who usually replied to such requests with a stock response that the firm “did not interfere in Mexican politics,” agreed to fund the project, commenting to Limantour that “both Lord Cowdray and myself have more than a purely commercial interest in Mexico. We are both deeply attached to the country, and we have many sincere and loyal friends among the Mexican people.”⁹⁵

Pearson himself was particularly complimentary about the figure of President Díaz, for whom he held a high degree of respect and admiration. Spender suggests that Pearson even compared his relationship with the president with that of a father and son. Pearson was particularly scathing about any suggestion that the president had been corrupt in any way during his long term of office. Pearson told the US ambassador to London in 1914 that “General Díaz was absolutely my hero.... one of the straightest and most able men I have ever met ... the idea that he had made a big fortune was practically libellous ... his utmost fortune was £30-40,000, largely made by the increment in the value of a little property he had.... I considered that posterity would rank him as one of the great men of his age.”⁹⁶

The fact is that the allocation of retainers, fees, or loans (or what ever label one might wish to use) was normal business practice in Porfirian Mexico. Thomas B. Hohler, secretary to the British Legation in Mexico City during the final years of the Díaz regime, commented in his memoirs that “I never knew whether Cowdray actually bribed any of the Mexicans, but it is my firm conviction that he did not. He sometimes gave valuable presents and he appointed prominent Mexicans to positions which did not involve much work in his businesses, but I believe he acted throughout in an entirely honourable and straightforward way.”⁹⁷

In other words, such practices were necessary to the establishment and development of clientalist relationships, which were themselves a vital component of business success. The same can be argued for the range of additional services Pearson supplied to the Díaz government as their *agente y mandatario*, which served to strengthen his clientalist relationship still further.

(p.87) Additional Services

Pearson famously boasted to US Ambassador Walter Page in London in 1914 that his firm was considered “one of the minor Departments of State” in Mexico.⁹⁸ Although this was clearly both a typical and a typically boastful statement on Pearson's part, there was a good deal of truth in the claim. Pearson not only assisted in the construction of the physical infrastructure of the nation but also acted as spokesman and advocate of government policy and strategy. This section explores the additional roles he performed on behalf of the Díaz government as diplomatic agent, financial representative, publicist, and procurement agent for the Mexican Navy.

Despite Pearson's repeated claims that he always refrained from interfering in politics in Mexico, he had from an early stage offered his “good offices” in finding a solution to one of Mexico's most pressing diplomatic concerns throughout the nineteenth century—the dispute over sovereignty of territorial borders between Mexico, Guatemala, and Belize (British Honduras).⁹⁹ His good offices would, of course, be much more useful to the Mexican government now that he was an elected member of the House of Commons. Pearson sent a coded telegram to Guillermo de Landa y Escandón in February 1895: “Can I be of any service in England in

Guatemala question? Please inform President Díaz he can dispose of us.”¹⁰⁰ He received a positive reply:

President Díaz fully appreciates telegram wishes that you would prove in accordance with Mexican Legation to English Ministry the justice of Mexico refuting any misleading statement on the part of Guatemala if it is in your power. Necessary papers will be sent by first post and instructions.¹⁰¹

In pursuit of this unusual role as Mexico's informal diplomatic agent, Pearson arranged to meet Foreign Secretary Lord Kimberly. The foreign secretary clearly was unaware of the dispute, but Pearson was satisfied with Kimberly's positive and distinctly undiplomatic response, which he immediately reported to Luis Camacho:

Lord Kimberly assured me that, naturally, if a question had to arise as to which of the Nations were in the right, that Mexico would have the sympathies of the Foreign Office, as they knew the Country had been governed so long and ably under General Díaz that the presumption would be that Mexico was in the right until it was proved to be in the wrong.¹⁰²

In November 1906, Limantour asked Pearson to propose to the Foreign Office that Britain consider leasing Belize to Mexico in exchange for Mexican islands in the Pacific which might be suitable as coaling stations.

(p.88) Pearson wrote to Foreign Secretary Sir Edward Grey, a fellow Liberal Imperialist whom Pearson would later propose as a future leader of the Liberal Party, to explain that “Belize would be of inestimable value to Mexico, which finds it very difficult to control their Indians on the border line, as they slip into Belize to escape punishment.” Grey, in keeping with the British government's increasing deference to Washington over policy toward Mexico and the Caribbean, replied that the US government would interpret this arrangement as a clear infringement of the Monroe Doctrine and, therefore, that the proposal was “out of the question.”¹⁰³

Although there is no suggestion here that Pearson's interventions into international diplomacy were in any way influential in determining British foreign policy toward Mexico, they are nevertheless evidence of a role which went much further than that normally expected of a government contractor. The same might be said for Pearson's interventions as unofficial financial agent for the Mexican government, in entering negotiations with a number of European banking houses during the summer of 1897 over the terms of the reconversion of the Tehuantepec loan of 1888. Limantour had approved of Pearson's assistance in the search for new funds with which to finance the reconstruction of the Tehuantepec Railway and the construction of the harbour works at Salina Cruz and Coatzacoalcos following the award of the contract to S. Pearson and Son. Although on this occasion Pearson's efforts came to nothing, since Limantour decided to postpone the negotiations until circumstances were more favourable to Mexican financial interests, this does not diminish the significance of Pearson's informal but influential role in these negotiations. The reception which he organised for Limantour in 1903 with a large group of prominent British bankers and former prime minister Lord Rosebery, is another example of Pearson's personal interventions on behalf of the Mexican government.¹⁰⁴

There are further examples of the informal but significant ways Pearson's assistance was requested. For example, in October 1897, he was asked by Luis Camacho, Mexico's financial agent in London, to evaluate a project by Ricardo Mason for a new supply of drinking water to

Mexico City.¹⁰⁵ In the same year, the Mexican government nominated Camacho as president of a naval commission to seek out suitable contractors to construct a series of ships for the Mexican Navy. He immediately consulted Pearson, who promptly recommended the engineering and shipbuilding firm of Lobnitz of Renfrew on the Clyde (which just happened to be owned by Pearson's brother-in-law Frederick Lobnitz). Camacho's committee consequently recommended Lobnitz as the contractor.¹⁰⁶

This recommendation, however, prompted internal disagreement within the Mexican cabinet, and between Limantour's Ministry of Finance and **(p.89)** the Ministry of War and the Navy (Secretaría de Guerra y Marina) as to whether the Mexican Navy needed large cruisers or battleships. Limantour was of the opinion that the only open conflicts in which Mexico might become involved were with either the United States or Guatemala. In the case of the former, Limantour argued that the Mexican Navy could never be a match for the US fleet, and the Mexican fleet would be lost; in the case of the latter, Limantour argued for smaller, more flexible craft.¹⁰⁷ As a consequence, Limantour asked Pearson in 1900 on behalf of the Mexican Navy to seek contractors for a fleet of small *cañoneras* (gunboats) to patrol Mexico's extensive coastline. At the same time he instructed Camacho to supervise the search. Pearson, as he had done before, recommended Lobnitz. Although the gunboats were eventually supplied not by Lobnitz, but by a US manufacturer, these requests clearly indicated the level of confidence which Pearson enjoyed with the Mexican government, which went well beyond his remit as a public works contractor.¹⁰⁸

In addition to these other roles, Pearson took on that of publicist and propaganda agent for the government's project of national development, by sponsoring the publication of an "Official Year Book," which he explicitly described as a work of "national propaganda," containing reliable and up-to-date general and statistical information on trade and finance in Mexico to be distributed free to "Public Institutions, Libraries, Clubs and Reading Rooms of the principal cosmopolitan Hotels in the United Kingdom and Europe."¹⁰⁹ He also made it clear that, at the same time as he was keen to publish positive information on Mexico in the UK and in Europe, he was also prepared to censor any adverse or negative reports. In 1910, as news was being reported of "barbarities committed in Yucatán towards indians from Sonora," and as questions were being raised in the British House of Commons about the repressive tactics the Díaz government was imposing on its own citizens, Pearson promised Body that he would use his influence in the British press to "sit on any possible agitation that is inclined to brew."¹¹⁰

A further example of Pearson's employment as an agent of government policy was his appointment, engineered by Limantour, to the board of Interoceanic Railway in November 1907. This was highly significant, since, as Limantour noted in his memoirs, the acquisition by the Mexican government of the majority of shares in the Interoceanic was the key component of his strategy to "mexicanise" the main lines of the railway network to avoid their takeover by powerful US corporations, and to create a more coordinated, integrated, and genuinely national rail system, still privately managed, but with the government as a majority shareholder.¹¹¹ In this new role Pearson would be representing not only his own interests, but also those of the Mexican government.

(p.90) The most convincing evidence of Pearson's role as agent was the highly unusual partnership agreement with the Mexican government over the management of the Tehuantepec

National Railway. As will be explored further in the next chapter, this constituted comprehensive proof of Pearson's commitment to the Porfirian strategy of national development.

The Completion of the Canal Project

While Pearson's series contracts for the Gran Canal between 1889 and 1896 acted as the springboard from which he would extend his business empire in Mexico, the project itself was certainly not the most successful or, indeed, the most profitable of his career.¹¹² It was subject to considerable delays, caused partly by the regular breakdown of the five dredgers specially constructed by Lobnitz of Renfrew and imported from the UK.¹¹³ Relations between Pearson and the intermediary who had negotiated the contract on his behalf, the somewhat shadowy figure of Duff Morison, also became strained at an early stage over the division of the profits.¹¹⁴ There were also frequent and persistent disagreements between Walsh, Pearson's project manager, and the Junta over the costing of the works.¹¹⁵

The principal obstacle, however, was the persistent shortage of funds. The financial problems had not been helped by the fact that, from the very beginning of the negotiations, neither the *Junta del Desagüe*, which was supervising the project, nor the contractor himself had a very clear idea of precisely how much work would be involved in completing the project. More significant, however, were the serious financial difficulties which faced the Mexican government in the early 1890s, and the way in which the sources of finance on which the project relied had been structured.¹¹⁶

The finances of the Mexican government were so precarious by the middle of 1892 that they threatened bankruptcy. The depth of the crisis was reflected in the emergency reappointment (for the third time in his career) of the steadying hand of Matías Romero, Mexico's representative in Washington, as minister of finance, with the young José Yves Limantour, who had never before held public or political office, as his second-in-command (*oficial mayor*). When Romero returned to Washington in February 1893, Limantour became minister of finance in his own right.¹¹⁷

Pearson's correspondence with Guillermo de Landa y Escandón at the time reflected the serious economic difficulties facing the government and, of course, his own concerns, which centred on the difficulties in disposing **(p.91)** posing of internal government bonds, which he was receiving as part of his payments according to the contract:¹¹⁸

My Dear Landa, I can think of very little else during this silver crisis, than what will happen to Mexico and our friends there. I am awfully sorry to see the National "A" Bonds so far down.... Silver is, in my opinion, now at the bottom, but for some time it will not improve. What it will be eventually no one knows. Is Mexico going to be able to stand the strain? It's fortunate that General Diaz is at the head of affairs as it will require the whole of a brave man's courage to meet the position. Personally I feel Mexico will meet all her obligations but the general opinion here believes otherwise & the result is that her Bonds have gone down to under 60. What is your opinion? I should like you to be perfectly free with me. Is the government going to be able to meet all its obligations? Is it going to have to suspend the Canal works? Or what is going to happen? Of course with silver at the present price we shall make a very heavy loss each month, but we shall have to hold the silver for a better price & reduce the loss as much as possible. We are ordering from \$50,000 to \$100,000 worth of spare parts so as to make the dredgers able to dredge the

rock without breaking down. But if the work is going to have to stop we ought to cancel as many of these orders as we can. The position is extremely critical & I do want your opinion of what you think with your intimate knowledge and private information, will happen.¹¹⁹

The severity of the crisis, coupled with the fact that funds from the municipal loan of 1889 which had hitherto provided the bulk of the funds for the Gran Canal project were all but exhausted by 1893, and Limantour's insistence on drastic reductions in public expenditure, seriously hampered the completion of the canal. The project manager, T. L. Walsh, wrote to inform Pearson in December 1894 that Limantour had stated that the government could no longer continue to pay the monthly sum (of Mex\$70,000) which had been guaranteed to the firm according to the contract. Limantour further requested that the firm accept all future payments in bonds (and not the mixture of 80 percent cash and 20 percent bonds which the contract had stipulated), and, finally, that the government itself would undertake part of the outstanding work itself.

Pearson was clearly dismayed by these proposals, but his response showed his willingness to compromise. He was also secure in the knowledge that the terms of the latest contract required the Junta to pay an indemnity, which would not reduce the costs of the project, since, as he reminded Walsh, the firm would have to be compensated for any savings made:

If they [the Junta] would give us an indemnity, even in internal bonds, equal to the difference between the price we have ... and that which they consider it would cost them ... then we should be very pleased to take our indemnity. We must remember that the Contract is a lump sum contract, and that we shall be in **(p.92)** a different position in case of rescision to what [sic] we have been before. Under the former contracts, the government could claim they were entitled to rescind the contract upon paying us an indemnity of 10% of the schedule price. Under the last contract, the indemnity to be paid would have to be the balance of the Contract sum that we had not received less the fair cost of carry ing out the work remaining to be done.¹²⁰

Despite the numerous difficulties which the project faced, they were eventually overcome. This was largely due to the federal government's agreement (approved, of course, by President Díaz) to fund a third of the outstanding costs of the project after 1893.¹²¹ The Gran Canal was finally completed in 1897 and formally inaugurated in March 1900, in a public ceremony presided over by President Díaz, accompanied by his ministers of communications, development (*fomento*), justice, and defence, along with Pearson and other members of the Diplomatic Corps, an event which received extensive coverage in the Mexico City press.¹²² On the eve of the completion of the project, in a classic piece of Porfirian political discourse, Díaz had ironically commented on the project's grandiose scale (and its equally grandiose cost to the public purse) and what its completion represented to the onward march of Mexico's order and progress under his tutelage:

One of the most grandiose tasks which modern man has been able to bring to fruition, its obscure problems appeared to challenge science itself, and its huge bud gets appeared to challenge the state ... this great work, the glory of our generation ... is the fruit of peace and a monument which will commemorate the period of evolution in which the Mexican people, putting aside their weapons and their political enmities, devoted themselves to the work of peace, and in which, upon the basis of order, they were able to achieve peace.¹²³

The project's symbolic importance to Porfirian modernisation was further confirmed some years later during the *Fiestas del Centenario*, the lavish monthlong celebration in Mexico City in September 1910 of the centenary of Mexican independence from Spain—an event which was also, in both concept and execution, essentially a celebration of the Porfirian modernisation project.¹²⁴ Delegates from many parts of Europe and the Americas were entertained, and suitably impressed, by an extraordinary range of monuments, civic ceremonies, and patriotic rituals. These ranged from the unveiling of commemorative plaques, and the inauguration of civic and educational institutions, museums, monuments, processions, recreational facilities, to banquets, dances, parades, and firework displays. They included, significantly, visits to the Gran Canal.¹²⁵

For Pearson, while the Gran Canal project may not have been his most profitable contract, it had demonstrated to him the enormous business (p.93) opportunities available to him in Porfirian Mexico, provided he was able to continue to develop his clientalist network with the Porfirian political elite, and extend his role as agent of the national development project. Long before the formal inauguration of the Gran Canal in 1900, he had been able to secure the contract for the modernisation of Mexico's most important Atlantic port, at Veracruz (1895-1902), and had signed the first in a series of contracts for a project which Pearson himself would later describe as “the greatest of all our undertakings”—the reconstruction of the interoceanic Tehuantepec National Railway, the subject of the next chapter.

Notes:

(1.) SMA:PEA Box A3 Memo 09/01/1914.

(2.) Rincón Gallardo to José Yves Limantour 24/12/1889 Archivo José Yves Limantour, Condumex, Mexico City (hereafter AJYL), 1a serie, Rollo (hereafter R) 12; In the account he gave to Spender, Pearson claimed that the Mexican government had “begged” him to consider the contract. Rincón Gallardo's letter, however, makes it clear that Pearson had, via his agent Duff Morison, submitted a competitive tender to the canal board and that he had been summoned by the board to present his case.

(3.) P. Connolly “Pearson and Public Works Construction in Mexico 1890-1910” *Business History* 41:4, October 1999, pp. 48-71.

(4.) Díaz's first reelection in 1888, and his five subsequent reelections, required amendments to the Constitution; Garner *Porfirio Díaz*, pp. 98-136.

(5.) M. Perló Cohen *El paradigma porfiriano: Historia del desagüe del Valle de México* México: UNAM/Porrúa, 1999 (pp. 70-74) indicates that the government of Manuel González, who succeeded Diaz as president after the latter's first term of office between 1880 and 1884, had virtually abandoned the project during his presidency.

(6.) SMA:PEA Box 16 Valley of Mexico Drainage Canal.

(7.) The population of Mexico City rose from 290,000 in 1885 to 471,000 by 1910, an increase of 62 percent; A. Rodríguez Kuri *La experiencia olvidada: El Ayuntamiento de México: política y gobierno 1876-1912* Mexico: UAM/El Colegio de México, 1996, p. 82.

(8.) Humboldt cited in E. Lemoine Villicaña *El desagüe del Valle de México durante la época independiente* Mexico: UNAM 1978, p. 14.

(9.) L. Alamán *Memoria que el Secretario del Estado y del Despacho de Relaciones Exteriores e Interiores presenta al Soberano Congreso Constituyente sobre los negocios de la Secretaria de su cargo, leída en la sesión de 8 de noviembre de 1823* cited in Lemoine Villicaña *El Desagüe*, p. 26.

(10.) *Ibid.*, pp. 33–56.

(11.) The Díaz regime's relationship to late nineteenth-century “modernity” has been fully and eloquently explored in M. Tenorio Trillo *Mexico at the World's Fairs: Crafting a Modern Nation* Berkeley: University of California Press, 1996.

(12.) Díaz, who made regular visits to the project to inspect its progress, cited in Perló Cohen *El paradigma porfiriano*, pp. 59–84; the most comprehensive and detailed history of the construction of the Gran Canal is Connolly *El contratista*.

(13.) R. E. King *Tempest over Mexico: A Personal Chronicle* Boston: Little, Brown & Co., 1936, p. 34.

(14.) One of the partners of the firm, Mr. Campbell, had formed the Mexican Prospecting and Finance Company in London in 1888 to raise a loan of £400,000 to finance the tunnel; Perló Cohen *El paradigma porfiriano*, p. 102.

(15.) Bucyrus had signed a contract with the junta in June 1887 and had commenced work in 1888; Perló Cohen *El paradigma porfiriano*, pp. 103–4.

(16.) The Gran Canal contract was one of the few projects which Pearson took on throughout his career on the basis of a “lump sum” contract—where the contractor assumed all the risk of completing the project, even if the design or costings proved to be inadequate or the project took longer to complete than originally envisaged. Nevertheless, he made sure in this case that (a) he received 90 percent of the contracted sum in advance of construction, and (b) the contract contained an indemnity clause which would compensate him if the contract were cancelled or altered. Generally, Pearson favoured the “mea sure and value” contract, whereby all of the components (labour, materials, etc.) were priced separately, and the tender for the overall project was based on the “bill of quantities,” the aggregate of the various components plus the contractor's premium; Spender *Weetman Pearson*, pp. 38–39.

(17.) SMA: PEA Box A6 Pearson to Morison 17/06/1891.

(18.) Spender *Weetman Pearson*, pp. 85–86. Pearson's statement that “from the day the contract was made no question ever arose between us as to its fair interpretation” is inaccurate, since, as Connolly shows, the original contract was altered in four subsequent modifications in order to settle specific problems (mostly regarding the amount and method of payment, and the actual date of completion) which arose during construction before the project was finally completed in 1897; Connolly *El contratista*, pp. 247–49.

(19.) Perló Cohen indicates that the junta had serious reservations over the competence of the Mexican engineer initially in charge of the project, Luis Espinosa; Perló Cohen *El paradigma porfiriano*, pp. 105–8.

(20.) Connolly rejects the idea that the award of the canal project to a British firm was an attempt to diversify the sources of investment and to reduce dependence on the United States on the grounds that Pearson was not a foreign investor, but a contractor; Connolly *El contratista*, p. 234. While this is true, it underestimates the significance of Limantour's longer-term strategy of restoring Mexico's credit in European financial markets in order to facilitate the management of existing and subsequent loans to finance the developmentalist strategy. As indicated in Chapter One, the strategy of diversifying the sources of foreign capital and investment and therefore creating rivalries between competing overseas interests between the "Great Powers" was also central to Limantour's policy of protecting national sovereignty.

(21.) Nora Pérez-Rayón Elizundia *Entre la tradición señorial y la modernidad: la familia Escandón Barrón y Escandón Arango* Mexico: UAM (Azcapotzalco), 1995, pp. 184-85.

(22.) Manuel Perló Cohen also suggests that the rival bid from Pearson's competitor, the US firm of Bucyrus, was in fact a "more attractive" offer, presumably in terms of cost; Perló Cohen *El paradigma porfiriano*, pp. 123-30.

(23.) J. Wale, L. B. Freeman, and A. Godley "Weetman Pearson in Mexico and the Emergence of a British Oil Major 1901-1919" *Business History Review* Vol 84, Summer 2010, pp. 275-300.

(24.) E. Sánchez Santiró "El desempeño de la economía mexicana tras la independencia, 1821-70: nuevas evidencias e interpretaciones" Unpublished paper, Instituto Mora, 2008. I am grateful to the author for providing me with a copy of this paper.

(25.) A. Salmerón "Re-estructuración y Consolidación Hacendaria 1868-1911" in L. Ludlow (ed.) *Los secretarios de Hacienda y sus proyectos (1821-1933)* México: UNAM, 2002, Vol II, pp. 83-206.

(26.) Tenorio Trillo *Mexico at the World's Fairs*.

(27.) For the significance of the Liberal Union, see Hale *The Transformation of Liberalism*, pp. 102-6.

(28.) Justo Sierra, quoted in R. Weiner *Race, Nation & Market: Economic Culture in Porfirian Mexico* Tucson: University of Arizona Press, 2004.

(29.) Stephen Haber's recent depiction of Porfirian Mexico as a "canonical example of 'crony capitalism,'" which he defines as "a system of alliances and coalitions between the executive power and the political and social elite of asset holders" underestimates the role and the development of the state in this period; S. Haber "The Commitment Problem and Mexican Economic History" in S. Haber and J. L. Bortz (eds.) *The Mexican Economy, 1870-1930: Essays of the Economic History of Institutions, Revolution and Growth* Stanford, CA: Stanford University Press, 2002, pp. 324-36.

(30.) AJYL 2a serie R2 Limantour to Macedo 23/06/1900.

(31.) Limantour to Núñez Ortega 28/06/1887, cited in Connolly *El contratista*, p. 226.

(32.) For example, in January 1906 Pearson approved Body's suggestion that "we should loan Emilio Velasco [one of the lawyers acting on behalf of the firm for the Tehuantepec Railway contract] the amount he requires, say \$15-20,000 (*pesos*) ... of course, all these men know we

helped Don Santiago [Méndez, Sub-Secretary in the Department of Public Works and Communications], and if we decline to help them they are naturally disposed to resent it." SMA:PEA Box A4 Pearson to Body 26/01/1906. The financial "help" given to Méndez may well have been inspired by an attempt to influence him in favour of the firm, since he had been identified by de Landa y Escandón in 1901 as a possible obstacle to further contracts: "I am convinced that the firm will suffer as long as Mr. Méndez is in the Department [of Communications and Public Works]." SMA: PEA Box A4 Body to Landa 01/07/1901.

(33.) A. Musacchio and I. Read "Bankers, Industrialists, and Their Cliques: Elite Networks in Mexico and Brazil during Early Industrialization" *Enterprise and Society* Vol 8, 2007, pp. 842-80.

(34.) In Mexican political culture, the *camarilla* is best understood as a network (often informal) of individuals linked by patronage and loyalty to further the political ambitions of the group and its leadership; see R. A. Camp *Politics in Mexico* Oxford: Oxford University Press, 1993, pp. 103-7.

(35.) L. Ludlow "El Banco Nacional Mexicano y el Banco Mercantil Mexicano: radiografía social de sus primeros accionistas 1881-82" *Historia Mexicana* 156, Vol XXXIX, abril-junio 1990, pp. 979-1028.

(36.) Rodríguez Kuri *La experiencia olvidada*, pp. 149-50.

(37.) W. Schell *Integral Outsiders: The American Colony in Mexico City 1876-1911* Wilmington, DE: Scholarly Resources, 2001.

(38.) AJYL 2a serie R5 Hampson to Limantour 05/03/1901.

(39.) John Hays Hammond, quoted in R. F. Smith *The United States and Revolutionary Nationalism in Mexico 1916-32* Chicago: Chicago University Press, 1972, p. 1.

(40.) National Archives, Foreign Office Papers; FO 371/463 Tower to Grey 1908.

(41.) FO 371/480/29820 Tower to Grey 14/08/1908.

(42.) Garner *Porfirio Díaz*, pp. 107-10.

(43.) SMA:PEA Box A4 Body to Pearson 09/07/1905.

(44.) Ibid. 18/07/1906.

(45.) SMA:PEA Box A7 Pearson to Landa 20/11/1894.

(46.) Ibid. Pearson to Walsh 05/06/1895. Aside from the tender from the unnamed French firm, a rival tender for this contract had been submitted by the British firm of Sir John Jackson.

(47.) AJYL 1a serie R3 Camacho to Díaz 15/12/1894. The award of the Tehuantepec National Railway contract to Pearson will be dealt with in the next chapter.

(48.) In fact, the office of Mexico's financial agency in London appears to have been a Camacho family fiefdom during Luis Camacho's period of office, from 1894 until his death in 1909. Luis's brother Enrique and his sister María were both employees of the agency (the latter since 1903). The new financial agent appointed after Luis's death, Manuel Maria de Zamacona, discovered that there were "irregularities" and a "deficit of £14,000 in the Agency's funds." Despite their close association over many years, Limantour demanded an investigation, and Enrique's resignation; AJYL 2a serie R60 Limantour to Angel and Dionisio Camacho 05/03/1910.

(49.) SMA:PEA Box A4 S.P.&S. Sucesores, Articles of Association 14/10/1909; The board of directors, who collectively would receive 25 percent of the company's profits, to be shared out as follows: John Body (president): 300,000 shares, 10 percent profits; Sir Weetman Pearson: no shares, 1 percent profits; Fred Adams (civil engineer: agent for the Salina Cruz Harbour Work, and manager of the Tehuantepec National Railway, vice president): 140,000 shares, 5 percent profits; Guillermo de Landa y Escandón (governor of the Federal District, chairman): 100,000 shares, no profits; Col o nel "Porfirito" Díaz (the president's son): 50,000 shares, 2 percent profits; Lic Luis Riba ("Partner in Law Firm of Cancino & Riba; Director of El Aguila & the company's chief lawyer in Mexico"): 20,000 shares, 1 percent profits.

(50.) J. Álvarez de la Borda "El inicio de la industrialización petrolera, 1900-1910" *Boletín del Archivo Histórico de Petróleos Mexicanos* Vol 4, agosto 2004, pp. 45-66; the personal relationship between Pearson and the Díaz family was confirmed by the fact that Pearson looked after the president's son Porfirito in England in 1896, for which Díaz senior was most grateful. He thanked Pearson personally for his "intelligent and paternal vigilance, as if he were your own son." Quoted in C. Tello Díaz *El exilio: Un retrato de familia* Mexico: Cal y Arena, 1993, p. 197.

(51.) Pearson kept in touch with Limantour long after the latter had gone into exile in Paris. When, for example, Pearson was asked to assist in the negotiations over a foreign loan to stave off imminent bankruptcy of the Huerta government in 1913, his first reaction was to consult Limantour. See Chapter Six.

(52.) J. Y. Limantour *Apuntes sobre mi vida pública (1892-1911)* Mexico: Porrúa, 1965, p. 38.

(53.) Ludlow (ed.) *Los secretarios de Hacienda y sus proyectos (1821-1933)* Vol II, pp. 83-206.

(54.) Connolly *El contratista*, pp. 26, 132.

(55.) J. López-Portillo y Weber "Porfirio, el Desagüe, y Weetman Pearson" *Memorias de la Real Academia de la Historia* XXII: 3, julio-sept 1963, pp. 213-26; the two men were, of course, very similar in age, with Limantour (b. 1854) as Pearson's senior (b. 1856) by less than two years.

(56.) SMA:PEA Box A4 Landa to Cowdray 20/07/1910.

(57.) O'Hagan *Leaves from My Life*, Vol II, p. 148.

(58.) SMA:PEA Box A9 Pearson to Lady Pearson 17/02/1908.

(59.) Relations became even more strained in February 1892 when Pearson's tender for the additional works on the canal following the cancellation of Read & Campbell's contract for the tunnel was roundly rejected by the Junta (now presided over by Limantour as president) on the grounds of excessive cost; Perló Cohen *El paradigma porfiriano*, pp. 152-53.

(60.) As Limantour commented, in another example of the authority of President Díaz at the apex of the political order, policy was never implemented without Díaz's prior approval. "I have been careful in every case to give a detailed account to the President." Limantour *Apuntes*, p. 46.

(61.) SMA:PEA A4 Pearson to Body 28/10/1901.

(62.) AJYL 1a serie R11 Pearson to Limantour 03/06/1893.

(63.) Ibid. 08/05/1897.

(64.) AJYL 2a serie R6 Chavero to Limantour 21/11/1901; the other bidder was the US firm of Astor Chandler. The difference between the two tenders was US\$1 million.

(65.) AJYL 2a serie R1 Velasco to Pearson 12/05/1900.

(66.) See Chapter Six.

(67.) AJYL 1a serie R11 Pearson to Mena 01/04/1898.

(68.) Ibid. Limantour to Pearson 02/04/1898.

(69.) Ibid. Pearson to Limantour 08/04/1898.

(70.) AJYL 2a serie R60 Private Memo Re Negotiations with Mr. Clay Pierce 08/03/1909.

(71.) SMA:PEA Box A9 Pearson to Lady Pearson 04/04/1909.

(72.) AJYL 2a serie R39 Pearson to Limantour 23/01/1906.

(73.) AJYL 3a serie Pearson to Limantour 24/05/1911. Limantour sent a telegram in return: "extremely obliged by very kind words" 24/05/1911.

(74.) AJYL 3a Serie Cowdray to Limantour 26/6/1917.

(75.) See Chapters Six and Seven.

(76.) AJYL 3a serie Body to Limantour 31/04/1915.

(77.) AJYL 3a serie Cowdray to Limantour 11/05/1916.

(78.) AJYL 3a serie Limantour to Body 12/10/1916. By this time, it had been determined that Limantour's isthmus properties did not contain oil which could be easily exploited. See Chapter Six. Limantour also had a house in Tlapan which had been ransacked in 1915. It was not mentioned in this letter. The last communication on record was an affectionate letter to Limantour in his French exile in December 1919 in which Pearson sent "affectionate greetings for Christmas and the New Year, and our fervent hope that you may live to enjoy many years of Mexico's full recognition of your unequalled work on behalf of that unfortunate country."

(79.) Furber *I Took Chances*.

(80.) A. Molina Enríquez *Los grandes problemas nacionales* Mexico, 1909, p. 44.

(81.) Limantour *Apuntes*, p. 47; it is ironic in the light of Limantour's diatribe against the evils of *compadrazgo* to note that Limantour and Porfirio Díaz were *compadres*, by dint of Limantour's invitation to the president to be godfather (*padrino*) to Limantour's daughter in 1880; A. Salmerón "Proyectos Heredados y Nuevos Retos: El Ministro José Yves Limantour (1893-1911)" in L. Ludlow (ed.) *Los secretarios de Hacienda y sus proyectos (1821-1933)* México: UNAM, 2002, Vol II, pp. 175-206.

(82.) SMA:PEA Box A3 Ryder to Pearson 02/02/1914.

(83.) SMA:PEA Box 16 Valley of Mexico Drainage Canal. Landa also received a commission of 5 percent on all of the sums received from the board of directors, up to a maximum of Mex\$225,000; Genaro Raigosa, the lawyer who represented S.P.&S in the canal project, received US\$80,000 for his services; he was also retained on a salary of \$3,000 per annum for, as Pearson put it, "advice and attention required to keep us straight and have all in order with the Board"; the lawyer Joaquín Casasús, who represented Pearson in the negotiation for the prolongation of the contract in 1891, received US\$30,000.

(84.) SMA:PEA Box A6 Pearson to Duff Morison 17/06/1891. Pearson also made personal loans to Carden. For details of the relationship between Pearson and Carden, see Chapter Six.

(85.) Spender *Weetman Pearson*, p. 27; Peimbert was subsequently employed by the firm when he ceased to work for the Mexican government; Rojas Rosales *El Ferrocarril Nacional de Tehuantepec*, p. 94.

(86.) See Chapter Six.

(87.) AJYL 1a serie R11 Limantour to Walsh 23/06/1893. The cut-glass dinner service was followed by a silver tea service, so that "when using it, Mrs. Limantour may occasionally remember her English friends." AJYL 2a serie Pearson to Limantour 29/04/1900. This time Limantour did not offer to pay, but merely thanked Pearson for "your many and genteel attentions."

(88.) "You know that you have a house in England whenever you and your family come to avail yourselves of it"; AJYL 2a serie R1 Pearson to Limantour 29/04/1900.

(89.) "Thank you for making our trip to the United States so comfortable and agreeable"; AJYL 1a serie R11 Limantour to Pearson 25/09/1896; AJYL 2a serie R3 Limantour to Camacho 06/06/1900; on at least one occasion Limantour asked de Landa y Escandón directly whether he could "use Mr. Pearson's carriage" for a trip to Orizaba "so that I can take our cook, and to avoid two or three bad nights in the hotels in Orizaba." AJYL 1a serie R4 Limantour to Landa 05/10/1898; SMA: PEA Box A3 Pearson to John Body 13/1/1913.

(90.) Limantour was unaccustomed to moving in such exalted social circles, and requested advice from Miguel de Béistegui, whom Victor Macías-González describes as Mexico's "resident aristocratic envoy" in London as to the appropriate dress, demeanour, and etiquette required for an audience with the monarch; Macías-González "The Mexican Aristocracy in the Porfirian Foreign Service," pp. 25-26.

(91.) AJYL 3a serie Body to Limantour, September 1919. The detective found that the young man in question, Captain Ian Ross, "had very little of interest, either good or bad" in his past.

- (92.) Limantour *Apuntes*, p. 41.
- (93.) SMA:PEA Box A9 Diary of Pearson's European Tour in 1878.
- (94.) A. Knight *Latin America: What Price the Past?* Oxford: Clarendon Press, 1994, p. 4.
- (95.) SMA:PEA Box A4 Body to Limantour 16/06/1915; for other contraventions of the "rule" of non-interference in domestic politics, see Chapters Six and Seven.
- (96.) SMA:PEA Box A3 Memo on meeting with Page 09/01/1914.
- (97.) T. B. Hohler *Diplomatic Petrel* London: John Murray, 1942, p. 173.
- (98.) SMA:PEA Box A3 Memo 09/01/1914.
- (99.) J. Buchenau *In the Shadow of the Giant: The Making of Mexico's Central America Policy, 1876-1930* Tuscaloosa: University of Alabama Press, 1996.
- (100.) SMA:PEA Box A7 Pearson to Landa 13/02/1895.
- (101.) Ibid. Landa-WP 18/02/1895.
- (102.) Ibid. Pearson to Camacho 14/03/1895.
- (103.) SMA:PEA Pearson to Grey; PRO/FO 371/89 f.40798.
- (104.) Pearson's direct role in assisting the Huerta government in its raising new funds in 1913 is covered in Chapter Six.
- (105.) AJYL 1a serie R4 Camacho to Limantour 27/10/1897. There is no record of Pearson's response, but Limantour's comment that he knew Mason and that he was "a dangerous individual" (*un individuo peligroso*) suggests that the project never got off the ground.
- (106.) AJYL 1a serie Camacho to Limantour 24/05/1897. Lobnitz's firm had constructed all of the machinery for harbor and port works used in Pearson's worldwide contracts, including specialist dredgers employed on the Gran Canal and port works in Mexico; Spender *Weetman Pearson*, p. 50.
- (107.) Limantour *Apuntes*, pp. 78-79.
- (108.) AJYL 2a serie R3 Limantour to Camacho 06/06/1900.
- (109.) AJYL 2a serie R46 Memo from S. Pearson and Son to Limantour 12/04/1907. S.P.&S would subscribe Mex\$2,500 to the first edition, and the Mexican government Mex\$5,000 on the understanding that, for future editions, the "leading Banks, Railways, and the more important business houses should be invited to co-operate by means of annual subions."
- (110.) SMA:PEA Box A4 Pearson to Body 27/05/1910; Pearson was particularly concerned that these news reports had become prominent on the eve of the launch of the first issue of El Aguila shares on the London Stock Market in May 1910. The source of these stories was the publication of a series of articles on Mexican slavery by US journalist John Kenneth Turner which had been published originally in the United States in the *American Magazine*. They were later compiled
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into a book, *Barbarous Mexico* (1910), which became a best seller and one of the most powerful indictments of the Díaz regime; E. Meyer *John Kenneth Turner: Periodista de México* Mexico: Ediciones Era, 2005.

(111.) Limantour *Apuntes*, pp. 83–9.

(112.) Patricia Connolly's exhaustive investigations (*El contratista*, pp. 256–72) have convinced her that Pearson, in fact, made a handsome profit on the Gran Canal contract (as much as Mex\$1.8 million, after deducting costs from income); Perló Cohen, by contrast (*El paradigma porfiriano*, pp. 208–17), suggests that the assumptions of enormous profits are exaggerated, since the work to finish the project continued for a year after the last payments were received in 1896.

(113.) Always a political animal, Pearson named the first two dredgers *Carmen* (after the president's wife) and *Conchita* (after his daughter); Spender *Weetman Pearson*, p. 94; Pearson raised his concerns with the manager of the project: "I know there must be some valid reason for the breakdowns you are having to such a fearful extent, breakdowns which raise your costs up to a terrible price and which reduce your output to such an extent that it will take 4 years to finish the work instead of two years. But for the life of me I cannot make out why you should have these breakdowns." SMA:PEA Pearson to Walsh 18/01/1893, A subsequent letter to Walsh demonstrated not only Pearson's exasperation but his love of cliché: "I note the difficulties you are having from hard material & consequent breakdown. This is not a bed of roses but most carefully bear in mind that the stitch in time saves nine." Box A7 Pearson to Walsh 10/11/1894.

(114.) Pearson explained to Morison, "We were to receive a profit of 15% under the contract, then the balance to be divided, firstly 5% to you, and then equally between us.... We cannot change these arrangements ... you know how particular the Junta is in these matters." SMA:PEA Box A6 Pearson to Morison 17/06/1891.

(115.) Perló Cohen *El paradigma porfiriano*, pp. 160–61.

(116.) Ariel Rodríguez points out that the municipal loan of 1889 was paid for not by the Mexican government but by the *Ayuntamiento* (Mexico City Council). The payments over subsequent years (up to and during the Revolution) proved to be extremely onerous on the City Council's budget, and accounted for between 30 percent and 40 percent—in one year (1898), 52 percent—of their annual expenditure between 1889 and 1903. Even more surprising was that, despite the fact that the council was paying for the Gran Canal, they had no formal representation on the *Junta de Desagüe*, which took all the formal decisions over the execution of the works. Rodríguez argues that this lack of representation was symptomatic of the *Ayuntamiento's* political emasculation in the later years of the Porfiriato; Rodríguez Kuri *La experiencia olvidada*, pp. 134, 146–50.

(117.) Limantour *Apuntes*, p. 34.

(118.) See Appendix.

(119.) SMA:PEA Box A6 Pearson to Landa 15/07/1893.

(120.) SMA:PEA Box A7 Pearson to Walsh 27/12/1894. This underlined once again the importance of making the small print of the contract as watertight as possible.

(121.) The funds would come from internal public debt and government income; Perló Cohen *El paradigma porfiriano*, p. 195.

(122.) For photographs of the ceremony, see A. Casasola *Historia gráfica de la Revolución* Mexico, 1940, Vol I, p. 12-13.

(123.) Quoted in Connolly *El contratista*, p. 192.

(124.) M. Tenorio Trillo "1910 Mexico City: Space and Nation in the City of the *Centenario*" *Journal of Latin American Studies* 28:3, 1996, pp. 75-105; M. J. Gonzales "Imagining Mexico in 1910: Visions of the *Patria* in the Centennial Celebration in Mexico City" *Journal of Latin American Studies* Vol 39, 2007, pp. 495-533.

(125.) For the full range of events, see G. García *Crónica oficial de las fiestas del primer centenario de la independencia de México* México: Talleres del Museo Nacional, 1911.



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