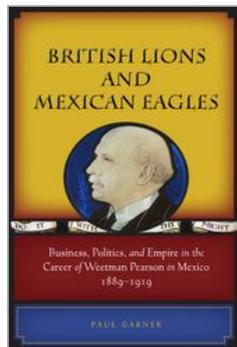


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British Lions and Mexican Eagles: Business, Politics, and Empire in the Career of Weetman Pearson in Mexico, 1889-1919

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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 Empire Strikes Back

Revolution and Counter-Revolution, 1911-13

DOI:10.11126/stanford/9780804774451.003.0007

[–] Abstract and Keywords

This chapter examines the impact of the Mexican revolution and counter-revolution on the oil business of Viscount Cowdray in Mexico. It suggests that this period represents a watershed in Cowdray's Mexican interest and describes the problems of El Aguila and the practical and political difficulties he experienced during the periods of revolution, counter-revolution, and civil war. This chapter also explores the implications of his relation with the Huerta regime for his business interests.

Keywords: Viscount Cowdray, oil business, Mexican revolution, counter-revolution, civil war, El Aguila, Huerta regime

One of the predominant trends in the recent historiography of late nineteenth-and early twentieth-century Mexico is the strong challenge which has been mounted to the traditional periodization of Porfiriato (1876-1911) and Revolution (1910-20), above all, to their previous categorisation as distinct phenomena. In other words, for the post-1968 generation of historians of Mexico, the regime of Porfirio Díaz is no longer seen, as the “official” historiography of the postrevolutionary era had always proclaimed, as the antechamber of the Revolution, a corrupt, and brutal *ancien régime* overrun in 1911 by a modern, progressive egalitarian and fit-for-purpose revolutionary juggernaut.¹ Instead, the Porfirian era is understood increasingly as a location of the roots of Mexico's identity as a modern nation. A new historiographical consensus is emerging which sees the Porfiriato (a term which itself needs to be reexamined) as a period which witnessed the struggle to establish a *modus vivendi* between Mexico's atavistic colonial and precolonial penchant for hierarchy and authoritarian political structures and the nineteenth-century cult of liberalism and constitutionalism; the struggle to stimulate capitalist development and industrialisation and graft them onto precapitalist structures and practices; and the

profound and diverse cultural tensions generated within a nation emerging from its postcolonial past and seeking to cast off the shackles of “tradition” to embrace the ambiguous attractions of “modernity.” It was, in short, a “cultural crucible” in which the major themes and issues which would characterise political and cultural debate in twentieth-century Mexico—inter alia, *indigenismo*, *mestizaje*, hybridity, nationalism, development, globalisation—were first aired.²

Given these recent trends, it is more than a little ironic that these last two chapters will seek to restore the notion of the Mexican Revolution (**p.166**) as a significant historical watershed. I do so, not as a challenge to current historiographical trends, but simply to emphasise the profound transformation in the nature of Cowdray's Mexican interests which took place after 1911.³ This profound transformation occurred on two levels. First, at a more general level, the Porfirian modernisation and nation-building project with which he had been so intimately involved was severely jolted and damaged—but far from destroyed—by the decade of revolutionary violence. The short-term impacts on the domestic economy were certainly substantial, and Cowdray's Mexican businesses were necessarily affected by the prevailing circumstances. However, at another level, there was a profound shift in the nature of those interests, which prior to the Revolution had encompassed public works contracts, railways, light and power companies, mining, commercial agriculture, and manufacturing. The fact is that, after 1911, Cowdray's business interests became almost entirely dominated by oil. This was because oil became such a vital factor in domestic Mexican politics during the Revolution, and in international politics during the First World War. In the wake of these seismic shifts in the international significance of oil production, combined with the domestic political significance of economic sovereignty, Cowdray and the management team of El Aguila on the ground in Mexico necessarily had to adapt to these profound changes in the domestic and international environment.

With more than two decades of experience in Mexico, Cowdray was familiar with Mexican political culture, and adept at dealing with the Mexican political elite. But the rapid changes in internal Mexican politics following the collapse of the Díaz government meant dealing with not only the consequences of the fragmentation of central authority between 1911 and 1916, but also the subsequent attempts to reconstruct or “reinstitutionalize” the state after 1917.⁴ In short, the rules by which domestic politics had operated prior to 1911—and the personnel which had operated it—were now subjected to profound challenges. New political faces and new political configurations emerged in this period, sometimes in bewildering profusion, each vying for political control, and each, in the context of the political debate over the nature of modernisation and nation-building which had characterised the final years of the Díaz regime, seeking to redefine the role of overseas capital and its regulation by the state. Beyond the borders of Mexico, the dramatic shifts in the politics of the North Atlantic, with the emergence of the United States as the major power in the Western Hemisphere, and the increasing importance of oil as the key to global military and industrial power, also required new accommodations and responses.

To say that these new circumstances were challenging would be a gross understatement. The political stakes had risen commensurate with (**p.167**) Cowdray's political profile, and the polarisation of opinion inevitably generated by an era of revolution and war made him a controversial figure. As a result, Cowdray became the target not just of hostile rumour and criticism in the press both in Mexico and in the United States, but of a concerted and organised campaign to portray him as an archetypal robber baron bent on the rape and pillage of Mexico's most valuable resource. It was Henry Clay Pierce—Cowdray's principal rival in the Mexican oil business, who became the main instigator of the campaign of defamation—and who first

articulated the notion that “Cowdray has taken more out of Mexico than any man since Cortés,” an accusation which would subsequently be repeated many times during the decade, and for many years after that.⁵

At the same time, El Aguila and the other foreign oil companies in Mexico were confronted with a political campaign orchestrated by the Constitutionalist faction led by Venustiano Carranza after 1913 to reverse Porfirian legislation, to restructure property rights and to renationalise subsoil rights on behalf of the nation. In the short term, this vigorous enthusiasm for economic nationalism—which had its origins in the colonial precept of patrimonial ownership of mineral resources by the Crown—coupled with the desperate need of the fragile Constitutionalist coalition to generate an adequate fiscal base for political and economic reconstruction, prompted the introduction of a series of measures designed to increase state regulation of the oil industry. This produced a raft of new and ever-higher state and federal taxes on oil production and property.⁶ In the longer term, these principles would lead to the nationalisation of oil in 1938 and the dissolution of the foreign oil companies operating in Mexico.

Nevertheless, as Cowdray also understood very well, the very importance of oil gave him an important degree of leverage in his dealings with both local and national authorities throughout the decade of Revolution. In Mexico, its role as a vital source of revenue meant that El Aguila, assisted by erratic and sometimes contradictory pressure exerted by Washington and London, would be able to avoid serious interruptions to its business activities. While revolutionary factions of different complexions sought to control and regulate—and, above all, to tax—the activities of the foreign oil companies, they also recognised the necessity of allowing them to function. “My own feeling,” Cowdray astutely predicted in April 1912, “is that the oil industry will not be seriously interfered with by either revolutionists or bandits or instability of the Government. The interests that are involved are too great: they are owned by foreigners, and if they were stopped it would immediately stop the distribution of a great deal of money.”⁷ In short, foreign oil companies were certainly not powerless in the wake of revolutionary disturbances and ultimately were able (p.168) to function profitably during the Revolution. At the same time, their activities were increasingly hindered by a proliferation of *ad hoc* and arbitrary demands, and eventually they had to concede to paying higher levels of taxation, and to the imposition of restrictions on their property rights by the revolutionary authorities.⁸

Beyond Mexico, the growing industrial and military significance of fuel oil after 1914 provided Cowdray not only with a growing and voracious market for his oil, but also with an important degree of political protection—which was, as we shall see, far from unqualified or uncomplicated—from the British and US governments, whose principal concern after 1914 was that the supply of Mexican crude continued to flow, directly or indirectly, into the engines of the Allied war effort. Control over oil supplies also helped to raise Cowdray's political profile in the UK, culminating in a brief period as a member of Lloyd George's war cabinet as president of the Air Board in January 1917.

Nevertheless, there were also important limitations to the degree of influence Cowdray was able to exert. His attempts to influence British oil policy were ultimately sacrificed on the altar of the increasing deference shown by London toward Washington over Mexican policy after 1914. There had been earlier signs long before the Revolution that Mexico was far from a priority for the Foreign Office. Mexican Finance Minister Limantour, always acutely sensitive to the threats to Mexican sovereignty from the United States, had perceived a shift in British foreign and

commercial policy toward Mexico as early as 1902. He commented to Guillermo de Landa y Escandón Cowdray's closest ally in Mexico, that

I fear that in the current climate, in regard to foreign policy, that England is minded to abandon its commercial interest in Mexico and Central America in favour of the Yankees. If the English behave this way they will leave us irredeemably at the mercy of our neighbours.⁹

There were further indications of the “cooling off” of British diplomatic interests in Mexico prior to the Revolution. Although France, Germany, Italy, Japan, and the United States had all sent special diplomatic missions to the *Fiestas del Centenario* commemorating the centenary of Mexican independence from Spain in September 1910, the UK had not been officially represented, on the pretext of the recent death of King Edward VII. This had prompted a lively exchange of views between Cowdray and the Foreign Office, after the latter had proposed instead a visit of “three small British ships” to Veracruz, as “compensation for absence of GB presence at the Centenario.” This rather feeble gesture was even criticised by the Admiralty itself, not on the grounds of inadequacy as a demonstration of British naval power, but because Veracruz did not **(p.169)** have adequate facilities to accommodate “first class cruisers.” Cowdray, for his part, thought this gesture would “hardly be regarded as anything novel or impressive,” and that the Mexican government would be “greatly disappointed” if not insulted.

Cowdray's partner Clarendon Hyde told the Foreign Office that

Lord Cowdray feels very strongly on this matter ... no ships are better than small ships, for unless a really noteworthy display of British strength is provided there will be nothing to strike the Mexican national mind ... at this juncture, when British interests are subjected to very severe competition from the US and Germany, it is of national commercial importance that some friendly demonstration on behalf of this country should be made in Mexico.¹⁰

In effect, Cowdray's views had been ignored, and the only official British act in the centenary celebrations was a presentation by Cowdray at the head of a small delegation representing the British community in Mexico to President Díaz of a commemorative scroll at a formal but brief ceremony in the Castillo de Chapultepec.¹¹

Aside from this challenging combination of revolutionary disruption and the shifting sands of international diplomacy, the main obstacle to the development of Cowdray's oil business in Mexico was structural. Despite El Aguila's impressive rate of expansion after 1912, it lacked the resources to compete with the most powerful of the oil multinationals, which also dramatically expanded their activities in this period. It became increasingly clear to Cowdray that the fate of El Aguila, therefore, ultimately lay in the hands of the chief executives of Standard Oil and the Shell Group.

At the same time, although it may at first sight appear paradoxical, this extraordinarily volatile period also presented unprecedented business opportunities for Cowdray and El Aguila. The basic statistics tell their own extraordinary story. While domestic sales of illuminating oil in Mexico—the initial *raison d'être* of Pearson's entry into the oil business—progressively fell victim to revolutionary disruptions, exports of crude boomed. Exports of Mexican crude (80 percent of which went to the United States, and 20 percent to the UK and the rest of Latin America) had risen from 900,000 barrels per year in 1911 to 180 million by 1922. The average price of a

barrel of Mexican crude before 1914 was US\$0.61, but by 1920 the average price had risen to over US\$3. In the specific case of El Aguila, production rose from 210,000 barrels per year in 1910, none of which was exported, to 18,740,000 in 1919, of which two-thirds (12,524,000 barrels) were exported. Net profits of the company were registered at Mex\$1,360,000 for 1912 but had risen to Mex\$29,510,000 by 1919. The dividends paid to the holders of preferential shares began in 1911 (and to those holding ordinary shares in 1914) with a return of never **(p. 170)** less than 8 percent. Not only did dividends continue to be paid throughout the revolutionary years, but they also continued to rise, reaching 45 percent in 1919.¹²

Despite these spectacular and unprecedented successes, the radical shifts in domestic and international politics forced Cowdray to reassess his connections with Mexico. The period 1911–19 can therefore be seen as one of an uneasy juxtaposition of spectacular profits with growing personal disillusionment, which would lead ultimately to the gradual dissolution of Cowdray's Mexican empire. Symptomatic of his diminishing interest was the fact that his visit to Mexico in 1912—which followed the pattern of annual visits established back in 1889—would be his last.

Two key events in particular marked the definitive scaling down of Cowdray's Mexican interests—the cancellation in 1918 of the partnership agreement with the Mexican government over the running of the Tehuantepec National Railway, followed in the spring of 1919 by the sale of Cowdray's controlling interest in El Aguila to the Shell Group. These events should not be seen as an indication of weakness, still less of failure, since both of these negotiations were favourable to Cowdray—the latter especially so—in financial and personal terms. But they effectively meant the end of the Pearson business empire in Mexico. This personally left a very bitter taste for Cowdray. As he commented after a particularly frustrating meeting with Foreign Secretary Arthur Balfour in June 1918, having once again failed to persuade the British government to act decisively to protect his interests in Mexico: “After 30 years unequalled activities in Mexico, to now see our work, day by day wasted, is simply killing me.”¹³

However, while the business activities—and the profits—of El Aguila witnessed a dramatic expansion over the decade, it is also clear that Cowdray's relationship to Mexico had begun to change radically long before 1919. An internal memo in January 1914 revealed the essence of his business strategy in Mexico during the decade of Revolution: “No more bids for public works; Sell oil interests without financial loss; Maintain political neutrality from all factions.”¹⁴ It is worth examining these priorities in greater depth, since they provide a useful framework for understanding the narrative that follows.

The first of these goals was relatively straightforward to achieve, but for largely negative reasons, since very few of the governments which came to power during the Revolution were in a position to finance major public works.¹⁵ Even if they had, Cowdray's close association with the now-demonised Díaz government would have made any tender for government contracts highly controversial. The changes in political mood and in the previous relationship which had been enjoyed with the Porfirian political elite was made plain to Cowdray in August 1912 when his **(p.171)** firm lost the contract with the Madero government for the dredging of the isthmus ports to a US company. At the same time, Cowdray's Mexican manager, John Body, was forced to accept terms for a construction contract in Puerto México which he admitted was unlikely to generate any profit to the firm.¹⁶ The restoration of Porfirian political connections and practices following the coup of General Victoriano Huerta in February 1913 promised a return to Cowdray's former position of most-favoured overseas businessman and contractor in Mexico. But it was short-lived, and despite numerous rumours of lucrative contracts being offered to

Cowdray, only one was signed, for the construction of a dry (or graving) dock at Veracruz, a project first mooted in 1901 but ultimately rejected by Limantour (see Chapter Three). But the shadow of bankruptcy which plagued Huerta's brief administration from the very start meant that the contract was never carried out.¹⁷ After the overthrow of Huerta and the outbreak of civil war in 1914 there were no public works contracts of any sort on offer.

The achievement of the second goal—to sell his oil interests—was more complicated, because although the sale depended ultimately on Cowdray's assent, there were a number of other factors which impinged upon the negotiations. Some of these related to the domestic political uncertainties in Mexico, others to the disruptions and dislocations which followed from World War I, and still others to the attempt by governments in the United States and the UK to ensure vital supplies of crude for the Allied military campaigns. Although these unprecedented circumstances required the utmost flexibility and adaptability, it is possible to discern a clear strategy guiding Cowdray's approach. He knew that the major players in the international oil business—Standard Oil of New Jersey, and the Shell Corporation—would be interested in gaining access to El Aguila's significant production of crude, but he wanted first to build up the sales and distribution networks in order to strengthen his hand in the negotiations. Ultimately the sale of El Aguila would depend upon the interest shown by the company's major suitors—but Cowdray wanted to be able to negotiate from a position of strength.¹⁸ With his tongue only loosely lodged in his cheek, he told the vice president of El Aguila, C. W. Hayes, in the context of the first approach made by Royal Dutch Shell in 1912 that “until we were earning a million pounds a year, which is the goal I have in front of me, I did not care to talk about them becoming interested.”¹⁹

The third goal—the advocacy of noninterference in politics—not only was intrinsically difficult in a period of political upheaval, but it was also both disingenuous and utterly inimical to Cowdray's entire *modus operandi* in Mexico. One of Cowdray's principal strategies, and principal successes in pursuit of his business interests in Mexico had always been (p.172) the assiduous cultivation of close contacts with the political elite. As a result, noninterference had never been, and was never going to be, an option as a business strategy. It is commonplace, of course, to note that whenever businessmen advocate “the need for political stability as a prerequisite of entrepreneurial activity,” or the “freedom to conduct business free of political interference,” or—as Cowdray increasingly claimed in this period—that they “never interfere in politics,” they are engaging in overtly political activities. What Cowdray's comment reflected in part was that, given the polarisation of political allegiances and the proliferation of factions during the Revolution, it was often difficult to assess the political strengths of the different contenders for power. At root, it demonstrated the extent to which his political fortunes had changed since 1911.

“Neutrality,” or “noninterference,” therefore made good business sense, but only when current political configurations were working in his favour, as they had done consistently before 1911. When they were not, as was increasingly the case after 1911, the need to lobby to attempt to influence strategy and policy became ever more urgent. As a consequence, however many times Cowdray asserted—as he did, for example, in August 1911 to Francisco Madero—that he and his firm “had never mixed in politics in this country,” does not mean that it was true.²⁰ There is substantial evidence to suggest that it was not true, particularly during the Huerta dictatorship between February 1913 and July 1914, when Cowdray's blatant and direct interference in Mexican politics led him into serious difficulties from which, ultimately, he found it impossible to extricate himself. Having had his political fingers badly singed by his relationship to Huerta, he

necessarily took a more detached view of Mexican politics after 1914, conscious of the fact that his relationship to Huerta had scarred his reputation and that he was, at least as far as the major contending factions in the internecine war were concerned, now *persona non grata*. This meant that, for the first time since he had arrived in Mexico in 1889, he would be more cautious in his involvement in domestic politics, although this certainly did not mean that he stopped doing so.

Cowdray and Madero

As the Mexican government's principal overseas agent in channelling the vital resources of foreign capital, technology, and expertise to Mexico's national development project, Cowdray had seen his success and fate to a remarkable extent become entwined with those of the Díaz regime. Consequently, the unexpected resignation and forced exile of Díaz in May 1911 signalled a potentially serious blow to Cowdray's interests in Mexico.²¹ **(p.173)** However, with all the key components of his oil business now in place, especially since the discovery of major deposits in December 1910 had solved the most serious problem he had encountered since entering the oil business in 1901, Cowdray was determined to continue to develop his Mexican oil interests. This he was largely able to do between 1911 and 1914. After 1914, however, he was faced with more serious obstacles.

Previous chapters have provided extensive evidence of the intimacy between the Pearson interests and those of the Díaz regime, of the assiduous construction of a clientalist network, and of Cowdray's role as government agent. This intimacy manifested itself again during the regime's final agonies. In April 1911, during the tense negotiations between the armed supporters of Francisco Madero's Antireelectionists and the Díaz regime in El Paso which culminated in Díaz's resignation, Cowdray engineered a personal meeting with US President Taft, brokered by US Attorney General George Wickersham, a member of the law firm (in which Taft's brother was a partner) which acted for S. Pearson and Son in the United States. Cowdray tried unsuccessfully to persuade Taft, and Secretary of War Jacob Dickenson, that the US government should relieve the pressure on the Díaz regime caused by the deployment of 20,000 troops to the US-Mexican border, widely perceived in Mexico to be a hostile act. He told Taft that US Ambassador Henry Lane Wilson was of "a highly sensitive nature ... believing every cock and bull story that he heard," and was therefore exaggerating the dangers to US lives and property. He tried to be more positive in his subsequent report to Mexican Foreign Minister Manuel Zamacona, explaining that for Taft, US intervention in Mexican affairs "would be the very last thing in the world that they desired."²²

Further evidence of intimacy and agency was provided by the role of Cowdray's principal *aide-de-camp* in Mexico, John Body, in making the secret arrangements for ex-President Díaz's ignominious departure before dawn on the day following his resignation speech to Congress on 25 May.²³ Body accompanied Díaz to Veracruz, where he and his family stayed for the next five days in Body's house awaiting the departure of the German steamer *Ypiranga*, which would take him into permanent exile. In further recognition of the debt he personally owed to Díaz, Cowdray offered Díaz and his family his 1,000-acre family estate at Paddockhurst in Sussex for his exclusive use for the rest of his life, even offering to pay for all expenses, including those of a private secretary.²⁴

However, unlike so many foreign businessmen and entrepreneurs who would eventually flee Mexico during the Revolution, Cowdray showed every intention of staying in Mexico after the fall of Díaz. He had very **(p.174)** good reasons for doing so. First, as he explained to Body, significant investments were already under way: "we are too committed to pull out ... steamers are under construction and on stream next year. The solution is to plough ahead and negotiate contracts for the supply of crude or fuel oil."²⁵ Second, as Body intimated, there was a strong possibility that excellent relations could be established with the Madero government, given that many of the individuals tipped to occupy posts in Madero's cabinet, particularly the President's uncle Ernesto Madero (finance) and Rafael Hernández (justice), were personally known to him and to the "Chief."²⁶ Body was also pleased to discover in October 1911 that the new governor

of Veracruz, where their major oil fields were located, was Miguel Huidobro de Azúa, a lawyer who had acted on behalf of El Aguila in the acquisition of land leases.²⁷ Using the tried-and-true Pearson strategy, Body embarked upon a campaign to secure further advantages in the relationship with the Madero government, which soon began to bear fruit. "I have made arrangements," he explained cryptically to Cowdray, "with personages to champion our cause when needed."²⁸

While relationships with Madero's inner circle of advisers were being established, Body and Cowdray lost no time in making personal contact with Francisco Madero, the man who would succeed Díaz as president in November 1911. The private meeting took place in August 1911, three months before Madero assumed presidential power, in the house of José Urquidi, subsecretary of communications in President Francisco de la Barra's interim administration.²⁹ First and foremost, Cowdray sought and received assurances from Madero that he considered the concessions granted to El Aguila by the Díaz government to be legally constituted, given that the firm had "invested a sum nearly equalling 100m. Mex in the oil business, that he proposed to invest a further 60 million pesos that the public had invested 10 million Mex in shares of El Aguila." His next major concern was to hear Madero's views on the position of Standard Oil, especially in the light of rumours that the *maderista* revolution had been partially financed by them. Madero assured Cowdray that "his party had no relations with Standard Oil, and that the money they had got for the revolution was entirely Mexican; that his father had raised loans on his property and that the total cost of the revolution had only been US\$350,000 gold. They would look with suspicion on the entrance of Standard Oil into Mexico, and he hoped therefore that we would not sell out to these people, although he acknowledged that he had no right, nor had the Government, to prevent our doing so."³⁰

The final issue raised by Cowdray with Madero was one that would cause him a good deal of anxiety and frustration in the coming years—the appearance of hostile reports in the Mexico City press to the effect that **(p.175)** Cowdray's close association with the Díaz regime had been either corrupt, based upon bribery and the liberal distribution of free shares in El Aguila to government officials, or illegal, having obtained his oil concessions fraudulently, and that as a consequence, he was hostile to Madero and conspired to overthrow him.³¹ Cowdray was in no doubt that the instigator of these press attacks was his old rival Henry Clay Pierce.³² He had been familiar with Clay Pierce's less than scrupulous tactics since the outbreak of the oil price war in 1909.³³ He nevertheless asked for Madero's assistance in refuting the recent spate of press attacks on Cowdray or El Aguila which had begun to appear in the Mexico City press. Madero gave his word that he would.³⁴

There is nothing to suggest that Cowdray was anything other than encouraged and reassured by the outcome of his meeting with Madero. The only possible issue of contention between Cowdray and the Madero government was the latter's attempt to introduce state and federal taxes on oil production, of which the oil companies in Mexico had been entirely exempt as part of the contracts negotiated with the Díaz administration in 1901 and 1906. The first skirmishes in what would become a major bone of contention between foreign oil companies and a succession of governments during the Revolution occurred in June 1912 during an attempt to impose a local (state) production tax (of 14 cents per ton on crude) by the state government of Veracruz.³⁵ The continued deterioration in federal government revenue prompted an attempt to raise additional stamp duties (20 *centavos* per ton) on oil exports in October 1912. El Aguila was keen to negotiate an agreement with the government on the method of payment, not on the principle of taxation itself, but Doheny's Mexican Petroleum Company and other US oil companies mounted

a legal challenge to the principle of taxation *per se*, which they claimed to be confiscatory and illegal. In January 1913, a month before the coup which removed Madero from office, a congressional committee discussed raising the stamp tax from 20 *centavos* to 1.2 *pesos* and prompted a meeting between Body, Enrique Creel (president of El Aguila), and Ernesto Madero, who admitted privately that the tax was not viable and would not be presented to Congress.³⁶ The issue languished in the courts until after Madero had been deposed.

The issue of taxation was not, therefore, one which caused a rift between El Aguila and Madero, and nor would it be with Huerta. This was confirmed in a conversation which took place in February 1914, one year after the coup, between Ernesto Madero and John Body, in which Madero recognised that Pearson's firm "had been friendly to his nephew's government, the same as he believed we had been to the previous one, and did not believe that we were acting in another way to the present provisional **(p.176)** government." Moreover, Madero expressed his satisfaction that Cowdray's representatives were "the only ones who had immediately conformed to the taxation his Department had put upon the Petroleum Industry when it was needed to help the Government in their financial straits."³⁷

There is, therefore, no evidence that Cowdray or the management of El Aguila was ever guilty of conspiring against Madero or his government, since they clearly had no reason to do so. In fact, there is evidence that Cowdray used whatever political influence he had to assist the hapless Madero in withstanding the numerous challenges to his authority which erupted from the moment he took office in November 1911.³⁸ When a serious rebellion broke out in Chihuahua in March 1912 led by Pascual Orozco, one of Madero's erstwhile allies in the early campaign in the north of Mexico in 1910 and 1911, Cowdray was asked by Ernesto Madero (through the mediation of Enrique Creel) to use his connections with the Taft family to add his voice to those who were demanding that President Taft prohibit the sale of munitions from the United States to rebel forces. It certainly cannot be argued that Cowdray's intervention tipped the balance in favour of an arms embargo, since there were more influential lobbyists also involved (such as the American business community in northern Mexico, in particular), but his efforts were nevertheless appreciated. Following the implementation of the embargo, Cowdray received a letter from Ernesto Madero expressing "the gratitude of the Government for your efficient co-operation."³⁹

The only time that he might have been tempted to intervene directly into domestic politics in this period was in response to a request from Colonel Félix Díaz, the nephew of ex-President Díaz (whom Cowdray described as "our old friend") to provide what was euphemistically described as "cash sympathy" for the rebellion which Díaz launched against Madero in Veracruz in October 1912. Wisely, in this case, given that the rebellion was crushed almost as soon as it had begun with hardly a shot being fired, Cowdray turned down young Díaz, and repeated the familiar but disingenuous mantra he always evoked whenever he wanted to avoid charges of complicity: "It is quite impossible for us to become partisans of any faction."⁴⁰ He was also clearly anxious not to upset the connections he had been establishing with the Madero government. This would not be the last time, however, that Cowdray would correspond with Félix Díaz. The next time he would be far more supportive.⁴¹

(p.177) Restructuring El Aguila

While the revolutionary disturbances continued to have a disruptive impact on domestic sales, Cowdray's principal concern in 1912 was less with the gathering storm clouds of Mexican

domestic politics than in the need to restructure El Aguila's internal organisation, to make further substantial investments in infrastructure, and to establish new companies overseas to facilitate the exponential growth in the export trade.⁴²

One of his early priorities following the collapse of the Díaz government in 1911 had been to reconstitute the board of directors, partly out of strict necessity because some had followed Porfirio Díaz into exile (such as the lawyer Pablo Macedo and president of the board of directors, Guillermo de Landa y Escandón), and partly because their proximity to the Díaz regime, which had been so valuable to Cowdray between 1910 and 1911, was now perceived as a liability. This pragmatic marginalisation of the most prominent members of the Porfirian elite can be seen in Cowdray's decision to remove Porfirito Díaz, the ex-president's son, from the board of directors of El Aguila in November 1911, a decision which he described as being “in the best interests of the company.”⁴³ However, some of Cowdray's closest Porfirian advisers were kept on the payroll. Guillermo de Landa y Escandón was retained in an advisory capacity (*consejero propietario*) until July 1915, and prominent *porfirista* Enrique Creel, who had taken over from de Landa y Escandón as president, remained on the board of directors until his resignation in February 1914.⁴⁴ Nevertheless, none of the new appointments to the board of El Aguila after 1913, in contrast to the policy adopted under the Díaz regime, were made on the basis of political and social connections, but were either employees of the company, or “insiders” who had business connections with the firm. Despite the previous emphasis on the supposedly “Mexican” character of El Aguila since 1909, there also appears to have been a distinct process of “de-mexicanisation” taking place. By 1916 the accountant Francisco Diez Barroso, appointed in 1913, was the only Mexican national left on the board of directors. Appointments to the board made after 1913 included El Aguila's chief geologist, the American C. W. Hayes, and El Aguila's accountants J. de C. Ballardie and A. D. Anderson, the French banker Georges Bénard (Cowdray's stockbroker in Paris, who also worked on behalf of Royal Dutch Shell), and Walter Morcom, the general manager of the Mexican Railway Company; in January 1916, Thomas Ryder became El Aguila's president. There appears to be, however, no direct evidence that de-mexicanisation, if such a term is appropriate here, was ever a strategic decision, but rather an accident of circumstance. **(p.178)** It certainly reflected the fact that El Aguila's main concern after 1914 was the export, and not the domestic, trade.⁴⁵

There were further significant changes to the internal organisation of El Aguila's activities. The division created in 1909 between leasing, exploration, and production in the northern Veracruz oil field (in the hands of El Aguila) and exploration and refining in the isthmus (in the hands of S. Pearson and Son) was centralised and brought under the sole control of El Aguila. This facilitated new investment in infrastructure made necessary by the dramatic increase in the production of crude at Potrero. In 1911 a pipeline with a daily capacity of 30,000 barrels was constructed to connect the Potrero field with the port of Tuxpan. In 1912 construction began on a new refinery on the Panuco River near Tampico with an initial capacity of 10,000 barrels per day (bpd), increasing to 20,000 bpd by 1920.

As a result of this substantial investment, by the end of the decade, a total of 175 miles of pipelines were able to pump 80,000 to 100,000 barrels on a daily basis (less than half the estimated 200,000 bpd extracted) from the oil fields to the ports of Tuxpan and Tampico, and to the refineries at Minatitlán and Tampico, which themselves had a combined capacity to process 55,000 bpd. The rest was stored in steel tanks with a combined capacity of six million barrels.⁴⁶ These figures explain one of El Aguila's persistent structural difficulties throughout this period—the fact that more oil was produced than could be adequately pumped, stored, or processed; in

other words, as Jonathan Brown has argued, El Aguila failed to achieve a “balanced integration” between its capacities of production and those of refining, transportation, and commercialisation.⁴⁷ This was one of the reasons why Cowdray would ultimately sell out to a company with greater resources and capital.

As already indicated, it was clear by the beginning of 1912 that the principal focus of Cowdray's oil operations had become the export trade.⁴⁸ This explains why much of Cowdray's energy and attention throughout that year were focused on the establishment of separate companies in London to handle marketing and transportation of oil exports. In January 1912 the Anglo-Mexican Petroleum Products Company (AMPPCo) was established, with Cowdray's twenty-five-year-old son, Clive Pearson, as chairman, in order to market El Aguila's products outside Mexico. By 1914 AMPPCo had established offices and depots in New York, Guatemala City, Belize, Rio de Janeiro, Santos, Buenos Aires, Canada, Uruguay, Paraguay, and Chile, and through its head office in London was supplying not only the Royal Navy but also railways in Russia.⁴⁹ In February 1912 he formed the Eagle Oil Transport Company (EOTC—under the joint control of El Aguila and S. Pearson and Son) and immediately ordered **(p.179)** twenty tank steamers (ten of which had a capacity of 15,000 tons, the largest tankers then in existence).⁵⁰

In March 1912 Cowdray made a significant breakthrough in finding a solution to his single greatest problem in these years—securing an international buyer for the growing supplies of Mexican crude which El Aguila did not have the capacity to process. He travelled to New York and personally negotiated a contract with Standard Oil of New Jersey (Jersey Standard) to supply ten million barrels of crude over a five-year period. In providing a guaranteed market, and guaranteed profits, the deal arguably provided a lifeline crucial to El Aguila's survival. At the same time, it was clearly a much better deal for Jersey Standard than it was for Cowdray. Jersey Standard was still adjusting in March 1912 to the antitrust order made by the US Supreme Court in June 1911 which had obliged Standard Oil to divest itself of its subsidiaries (including the Waters-Pierce Oil Company) and thus deprived it of supplies of crude from US production companies which it needed to fulfil its contracts.⁵¹ The deal with Cowdray thus provided Jersey Standard with not only additional supplies of crude but also very inexpensive ones—the price per barrel offered by Cowdray was considerably less than that available from other Gulf Coast suppliers. At the same time, Cowdray agreed that El Aguila and AMPPCo would not attempt to market El Aguila's products in the United States, although apparently they would be allowed to do so in South America. This deprived El Aguila and AMPPCo of the opportunity to participate in the world's most dynamic oil market at the very time AMPPCo was setting up its worldwide marketing operations.

It is possible to speculate that Cowdray was prepared to concede more generous terms to Jersey Standard in the hope of securing an even more comprehensive settlement—the sale of his entire Mexican operation to Jersey Standard. No doubt to his disappointment, the proposed deal, which he had offered in strict secrecy, and apparently without the knowledge of his closest associates, failed to materialise. Cowdray had told the president of El Aguila, Enrique Creel, that “so far as we know the Standard Oil Company is not interested in any shape or form in the Aguila shares,” which was strictly true, but clearly also misleading.⁵² Not without irony, the main reason given to Cowdray for the failure of the negotiations by John D. Archibold, the president of Jersey Standard, was that his company wanted first to settle its internal dispute with Clay Pierce and WPOC before getting further involved in Mexico.⁵³ To soften the blow, Cowdray and his son Clive Pearson were invited as guests of honour to a lavish banquet in New York, at which Archibold

apparently made a public apology to Cowdray for the way in which he had been treated by Clay Pierce, one of Archibold's former associates.⁵⁴

(p.180) Whether it was coincidental, or whether word had spread that Cowdray was seeking to negotiate, the French stockbroker Georges Bénard (whom Cowdray described as “our French Director”) also approached him in March 1912 to pass on an approach made to him in Paris to establish an “understanding” between the Royal Dutch and the El Aguila. The approach was part of the strategy of the Royal Dutch (formed through the amalgamation of Royal Dutch and the British company Shell Oil Transport in 1907) to seek new oil fields in the Americas, having first established itself in Trinidad, and then in Venezuela in 1912. The proposal made in 1912 was either to establish a company, jointly financed by Pearson and Royal Dutch Shell, but managed by the latter, to distribute the products of both companies in the Americas (starting with Argentina and Brazil), or, more boldly, to establish a joint “Manufacturing and Marketing Company” to construct refineries and the necessary “distribution organization” in all countries, to be financed by Royal Dutch, “to construct a line of Fuel Depots encircling the World, so that we could contract with Steamship Companies giving them the advantage of a Fuel supply at every point where they might touch.”⁵⁵

Cowdray, however, was apparently unimpressed by the proposal, and wary of entering an arrangement which effectively would mean a takeover of his oil interests at a time when they were relatively weak and just beginning to be established. He was nevertheless impressed with Royal Dutch's ambitions, as he explained to the vice president of El Aguila, the geologist C. W. Hayes:

The Royal Dutch will be most formidable competitors, and if they came into business they might spoil the position we shall otherwise have, as no other company could do. By that, I mean that they are very energetic, enterprising, with endless resources and are great transport people. I know their ambition is to get into Mexico, secure a big supply of crude, and with it their fields in Roumania [*sic*] and the East Indies, to circle the globe with a chain of fuel oil stations.⁵⁶

Aware that Royal Dutch's interest was in gaining access to El Aguila's crude, Cowdray was anxious to bide his time, to wait until his distribution and transport facilities which he was investing in so heavily enabled him to consolidate his position and therefore put him in a stronger negotiating position. He therefore instructed Hayes, with a characteristic combination of caniness and cunning, to “extend what courtesies you can” to Royal Dutch's representative to be sent to Mexico, making sure to give him the impression that “we have by far the finest Oil properties in Mexico” and that “there are few remaining lands of any value to be acquired,” whilst at the same time refusing to allow Royal Dutch geologists access to El Aguila's properties. The negotiations continued, but came to end as a result of Cowdray's insistence on a “sale for cash.”⁵⁷

(p.181) As Jonathan Brown has also pointed out, acquiring oil fields in Mexico and Venezuela would give Royal Dutch Shell access to the US market—the most coveted of all. As a result, having failed to secure an “understanding” with El Aguila, Royal Dutch set up its own subsidiary in Mexico, the N. V. Petroleum Maatschappij La Corona, which continued to develop throughout the revolutionary years, becoming one of the five most significant oil companies in an increasingly competitive Mexican oil business, alongside Huasteca, El Aguila, Penn-Mex, and

Standard Oil.⁵⁸ Although they had been temporarily thwarted in their approach to El Aguila, Royal Dutch had certainly not discounted the possibility of a future arrangement.⁵⁹

The Murray Contract in Colombia, 1913

One of the most interesting aspects of Cowdray's supposed "gentlemen's agreement" with Archibold in March 1912 was the latter's endorsement of Cowdray's attempt to extend his search for oil in Latin America. This led, indirectly, to a curious episode which revealed clearly the extent to which British and European business interests in Latin America in general, and Cowdray's interests in particular, were increasingly circumscribed by Washington's more aggressive interpretation of the Monroe Doctrine after 1913. It would have important repercussions for the future of Cowdray's interests in Mexico, and suggests, at the same time, that the "gentlemen's agreement" with Standard Oil was not worth the paper that it was (not) written on.

In 1912, Cowdray recruited Lord Murray of Elibank, a prominent businessman and former MP and Chief Whip, and chief fund raiser of the Liberal Party, and, like Cowdray himself, recently elevated to the House of Lords, to head a new department in AMPPCo whose primary function was to search for new international oil ventures. This followed Murray's retirement from the House of Commons as a result of the Marconi scandal, which had exposed the "corrupt" connections between prominent members of the Liberal government, the award of government contracts, and subsequent insider trading of shares on the London Stock Exchange.⁶⁰

In January 1913 Cowdray set Murray on a mission to negotiate oil concessions and public works contracts with the governments of Colombia, Ecuador, and Costa Rica.⁶¹ Murray was able to successfully draft and sign contracts for oil exploration, pending the approval of the Colombian Congress. However, once the details of these contracts became known to US Secretary of State William Jennings Bryan, he declared that **(p.182)** they represented a threat to the Monroe Doctrine and specifically to US interests in the Panama Canal, then nearing completion. "You will inform President Restrepo discreetly and verbally," Secretary Bryan wrote to the US minister in Colombia, "that the United States is not indifferent to the proposed concession to Pearson and Son by the Colombian Government, and that the United States, in principle, does not feel in sympathy with concessions to companies whose close relations to European governments seem to place their activities as such in a political and commercial field."⁶² Rumours subsequently circulated in diplomatic circles in Bogota to the effect that if the Pearson contract went ahead, the compensation which had been offered by the United States to Colombia in relation to the "independence" of Panama (some US\$20 million) would be in jeopardy. In these circumstances, the Colombian Congress was never likely to approve the Cowdray concession. With the Foreign Office refusing to intervene to support Cowdray's position, Murray was placed under considerable pressure and had little option but to withdraw from the negotiations.⁶³

In December 1912 Cowdray wrote to Foreign Secretary Sir Edward Grey, quoting a newspaper report on an official announcement from the White House to the effect that the US government had not, either directly or indirectly, influenced the withdrawal of S. Pearson and Son from the development of oil in Colombia:

While this, I assume, as an official announcement by the US might be contended to be literally accurate, the impression it gives is certainly most misleading. The US might say with truth that they have not approached us on the matter, but it is equally true that they have used their utmost influence on the Colombian Government to prevent the concession being granted.... In justice to the US officials I think I ought to state that the American Ambassador here told me that the fear in Washington was that the Concession we were asking for would give us a great hold on Colombia.... If our proposed concession had been of the all absorbing nature the US Government appeared to consider it had, but which their Ambassador at Bogotá must have known was wrong, I can understand their objection. But I most strongly feel that as our Concession was merely a commercial one for a specific trade—that of oil—their pressure unquestionable but possibly indirect upon the Colombian Government to prevent such a Concession being granted to us was quite unwarranted.⁶⁴

The loss of the Colombian contract did not in itself represent a great blow to Cowdray's oil interests. Murray turned his attention to Europe, North Africa, India, and the Far East, signing concessions on behalf of S. Pearson and Son in 1913 and 1914 in Austria, France, Algeria, Morocco, Tunis, Baluchistan, and the island of Sakhalin off the eastern coast of Siberia.⁶⁵ What would be of much greater concern for Cowdray was the **(p.183)** growing recognition that the British government would not support, least of all protect, British business interests in Latin America if it were perceived in Washington that they ran counter to US interests. Added to this was the realisation that the attitude of the newly elected government of President Woodrow Wilson would be overtly hostile to European companies operating in Latin America, deeming their activities as both, to quote Wilson himself, "harmful and imperialistic," and detrimental to US interests.⁶⁶

In the short term, in an explicit acknowledgment of the weakness of his position, Cowdray bowed to the inevitable, and, at a subsequent meeting with US Ambassador Page in London, he agreed that his firm would not attempt any new undertakings in Latin America without first canvassing Washington's views.⁶⁷ As a result, Cowdray concentrated after 1913 on attempting to strengthen El Aguila's increasingly vulnerable position, either through a partnership arrangement with, or a takeover by, another oil major, such as the one he had proposed in 1912 to Jersey Standard (his favoured option). After 1914 Cowdray would also advocate a partnership with the British government, whose dependence on oil for naval purposes made it increasingly necessary for the Admiralty to identify and protect safe sources of supply. Both of these goals would, however, prove to be elusive.

Cowdray and Huerta

The *pronuncimiento* (*coup d'état* launched by rebel generals within the Federal Army) of early February 1913, after a brief period of infighting which brought the armed conflict to Mexico City for the first time since the outbreak of the Revolution, led to the overthrow of Madero and the assumption of executive power by General Victoriano Huerta. The coup, and the subsequent murder soon afterward of President Madero and his vice president, Pino Suárez, would have far-reaching consequences for the escalation of domestic conflict. It not only failed to restore stability to domestic politics, but significantly destabilised and polarised them, and made the restoration of order by officers of the Federal Army—the coup's principal *raison d'être* and *raison d'état*—more, not less, elusive. Confronted almost immediately with a broad spectrum of domestic opposition and armed rebellion within Mexico, combined with overt hostility from

Washington, Huerta's permanently beleaguered administration would last barely seventeen months before he was forced into exile.

For Cowdray, the promise of the restoration of order offered by Huerta proved to be highly seductive, and it led him into making the most serious **(p.184)** errors of political judgement in his career in Mexico. This, in turn, exposed him to further damaging accusations by his enemies in Mexico and the United States of open collusion with the Huerta government. At the same time, the growing levels of productivity and profitability of the oil business in Mexico meant that El Aguila and other foreign oil companies came under growing pressure as an obvious and most convenient source of tax revenue to sustain both government expenditure and, ironically, local “revolutionary” mobilisations in the areas where the oil fields were located. As a consequence, representatives of the oil companies on the ground had to be very alert to the local consequences of political decentralisation and destabilisation and make a series of *ad hoc* arrangements with local *caciques* and intermediaries in order to keep at bay the attempts by different revolutionary factions to occupy the oil fields, and to keep the wells pumping.⁶⁸

A great deal has been already written on the question of the degree of support Cowdray demonstrated for the Huerta regime, and the degree of influence he exerted over British policy toward Mexico in this period. The controversy centres on the early official diplomatic recognition afforded by the British government to Huerta, in stark contrast to Washington's failure to do so, and to the overt hostility of US President Woodrow Wilson to the Huerta government, which Wilson famously described as “a government of butchers.” Huerta's removal from office appears, in fact, to have become Wilson's personal crusade.⁶⁹ The different conclusions drawn as to Cowdray's complicity or innocence have been largely determined by the sources used to reconstruct the narrative. Those based primarily upon British sources (including those of the Foreign Office as well as Cowdray's private papers) have tended to downplay Cowdray's influence over both the Huerta administration and the British Foreign Office, while those based upon US diplomatic, business, and journalistic sources have tended to argue the opposite—that Cowdray's influence was decisive, dangerous, and nefarious.⁷⁰

It is important to remember amidst all the speculation and accusation that Cowdray's principal interest throughout this highly turbulent period in Mexican domestic politics was the smooth and profitable functioning of the oil business in which he had invested so much time and energy since 1901. As he saw it, the very turbulence of the political situation required him to attempt to intervene and lobby wherever and whenever he could to influence the policies adopted by the Mexican, British, and US governments which would have far-reaching consequences for his oil business. This was entirely consistent with the *modus operandi* he had always adopted in Mexico. Now, however, not only were the stakes more uncertain, but they were also considerably higher.

(p.185) Cowdray's initial enthusiasm for the consequences of the coup of February 1913 (rather than for the coup itself, it must be emphasised) was not because the Madero government had represented a serious threat to his interests—which it clearly had not—but because the restoration of patriarchal authority through an alliance of the Federal Army and the vestiges of the Porfirian political elite raised the possibility of a return to the political conditions in which his business had thrived before 1911. There is also evidence to suggest that Cowdray's preferred solution to the problem of governance in Mexico also made him sympathetic to Huerta. While Huerta was still in office (in January 1914), he revealed to the American ambassador in London

his personal preference for authoritarian government in Mexico: "in my opinion, the country must be ruled by a strong hand, or a semi-constitutional one, supported by foreign troops."⁷¹

Body confirmed that Huerta's political affiliations were firmly associated with the former regime: "There is no doubt that most of the members of the Cabinet of Don Porfirio are now being looked upon with a high degree of favour."⁷² Cowdray's immediate reaction to the dramatic change in political circumstances was to suggest to Limantour that he join the board of directors of El Aguila. The former finance minister was decidedly unenthusiastic, and declined. Barely had the ink dried on the *Pacto de la Embajada*⁷³ between Huerta and Félix Díaz, giving the former the provisional presidency, and the latter the option to stand as a presidential candidate at the next election, than Body wrote with great enthusiasm to the Chief, letting him know that the new government was "kindly disposed to Pearson interests," and that Huerta "could restore order in Mexico.... In business circles there is a marked feeling that we shall soon have better times ahead." He also reported:

It is understood that Don Félix is to be the next President. This will confirm what I remember telling you about six years ago. So far as Riba [El Aguila's lawyer and a member of El Aguila's board of directors] and I know, all of the members of the new cabinet have very kindly feelings towards us as a firm. I do not propose to begin any real propaganda to make friendly alliances with the new people for some time to come, and am rather inclined to think it will be better to let six months pass before doing anything special in this respect. In the meantime, of course, we will cultivate Díaz whom we know entertains very warm feelings for us.⁷⁴

Body then passed on Díaz's "best regards" to Cowdray, who immediately replied to the ex-president's nephew with a personal telegram of congratulation. Barely able to restrain himself, and with the blood of ex-President Madero only just dry ("a horrible affair," he wrote), Body did not wait six months, but only four days before he approached the new government: On 26 February Body informed Cowdray that "this afternoon I am **(p.186)** commencing to make my official calls on all the Cabinet Ministers."⁷⁵ And a further week later, Body informed Cowdray "that General Huerta wished to see me in order to personally express his regret at the manner in which we had been treated by the late administration, and to assure me that the present Government was disposed to make amends as far as possible by granting any reasonable favour we might ask."⁷⁶

Cowdray's role in this putative alliance was both proactive and explicit. Cowdray and the management of El Aguila expressly offered their services as agents of the Mexican government and undertook to lobby for formal British recognition of Huerta. In pursuit of this objective, Body proceeded to put pressure of the British minister in Mexico, Sir Francis Stronge, to make a favourable report to the Foreign Office in London, in contrast to his more equivocal earlier reports, which had suggested that the murder of Madero might be grounds for refusing to recognise the new government.⁷⁷ Stronge duly sent a report in early March which emphasised that "the reestablishment of order in Mexico is of the first importance to us, and I think it cannot be doubted that we shall contribute materially to that end by recognising a Government that seems to possess the elements of stability."⁷⁸ At the same time, Cowdray had a meeting with Sir Louis Mallet at the Foreign Office in London with the purpose of explaining the damage which would be done to British interests (and, of course, his own) by the failure to recognise Huerta.

The outcome of this intense lobbying was the dispatch of a formal letter from the British monarch recognising Huerta as interim president on 7 March 1913. The reasons given by Foreign Secretary Sir Edward Grey for taking the unusual step of extending *de facto* recognition to a provisional, rather than a constitutional president, and for not establishing beforehand a diplomatic entente with the US and other European governments, emphasised that “our interests in Mexico are so big that I think we should take our own line without making it dependent upon that of other Governments.”⁷⁹ Although Cowdray's interests were by no means the only British interests in Mexico, they were unquestionably the most significant. The lobbying appeared to have paid off, despite the claims of Grey's biographer that “while he was naturally defending British interests in Mexico, he was not dominated by them.”⁸⁰

Cowdray was clearly delighted with these developments, and he made no attempt to hide his approval: “it is very gratifying, and raises a very heavy and unnecessary load from our shoulders ... to learn that [Finance Minister] Toribio Esquivel Obregón, Licenciado Rodolfo Reyes [Justice], and Licenciado de la Barra [Foreign Relations] have asked you to assist in getting the new Government recognised by our own government ... [and that] my seeing the Foreign Office and getting a definite expression of **(p.187)** opinion from them about recognising the new Government has been appreciated.”⁸¹ It is difficult to escape the conclusion that such overt intervention clearly broke Cowdray's own “rules” of noninterference in politics.

His major US rivals in the oil business were clearly much less delighted, and they immediately began to campaign against what they interpreted, not without justification, as the favourable treatment offered to Cowdray and other European capitalists by the new government. Henry Clay Pierce instigated a new wave of hostile press attacks against Cowdray and his intimacy with Huerta, which began to be published in American and Mexican newspapers after the end of February 1913.⁸² Delbert Haff, a lawyer representing a number of US companies in Mexico, including Doheny's Mexican Petroleum Company, sent a memorandum to President Wilson in early May expressing the general concerns of US businessmen over the dangers of waning American influence:

Foreign nations are ... seeking to undermine the influence of the United States in Mexico. The British Government has already recognised Huerta ... due to the efforts of Lord Cowdray, who has the largest interests outside of American interests in the Mexican Republic.... If Mexico is helped out of her trouble by British and German influence, American prestige in that country and the commerce of the United States will suffer great damage.⁸³

Haff's memorandum also stated that Cowdray's influence extended beyond acting as the mere agent of British diplomatic recognition: “He is using his efforts to obtain a large loan in England, and I am informed that he has succeeded on the condition that the English [*sic*] Government would recognise Huerta, which has been done.”

It was his role in the raising of funds for the Huerta government which represents Cowdray's most controversial interference in Mexican domestic politics during the Revolution. The accusation of complicity with the “usurper” Huerta, the *bête noire* of official postrevolutionary historiography, was the most difficult for him to shake off in his lifetime, and it has forever tarnished his reputation amongst nationalist Mexican historians and, it must be said, amongst a

number of less partial historians as well. It is only British historians, and especially his two British biographers, who have sought to downplay or to defend his actions.

First, the context of the financial schemes launched by the Huerta government needs to be understood. The coup of February 1913 occurred at precisely the same time as a consortium of European and American bankers were discussing the terms of a £20 million loan to the Madero government in order to finance the suppression of strengthening armed rebellion and to stabilise the exchange rate of the Mexican peso, which had deteriorated (**p.188**) precisely because of the level of domestic disturbances—in short, in order to stave off the impending threat of government bankruptcy.⁸⁴ While consideration of the loan continued despite the coup and the assassination of Madero, its prospects for success were seriously undermined by the fact that the loan was posited on the recognition of the new government by the United States. The simultaneous declarations by the dissident governor of Coahuila, Venustiano Carranza, that, should the Constitutionalist revolution he had launched be successful, he would not honour the financial obligations undertaken by the Huerta government, did nothing to reassure Mexico's international creditors. It was for this reason that formal recognition by the British government was so vital to the Huerta government.⁸⁵

In these circumstances, Huerta's minister of finance, Toribio Esquivel Obregón, announced a series of measures designed to raise much-needed revenue. Because of the growing schism between Mexico City and Washington, Esquivel Obregón's only realistic option was to seek the cooperation of European brokers and investors. It was clear from the outset that Cowdray, especially in the light of his recent efforts to secure British diplomatic recognition which was so vital to the success of the proposed schemes, would be called upon to provide agency and assistance to the Huerta government.

At the end of March 1913, Esquivel Obregón invited “banks and foreign investors” in Mexico to “demonstrate their confidence in the Government and the future of the country” to invest in a new issue of government bonds, through which “the national credit and the credit of foreign enterprises will be maintained and increased.” Without hesitation, Cowdray agreed to subscribe to bonds to the value of Mex\$1 million.⁸⁶ Although the finance minister soon withdrew his request, and although Cowdray's contribution was only a relatively small share (less than 5 percent) of the issue, it is difficult to read his prompt and enthusiastic response as anything other than an unequivocal statement of his confidence in, and support for, the Huerta government.

Esquivel Obregón's next initiative was to invite “private capital” to invest in shares and raise the capital stock of a mortgage bank for a federal irrigation project (*Caja de Préstamos para Obras de Irrigación*) in northern Mexico, which would provide employment for “5,000 or 6,000 men” on public works projects in northern Mexico and thus to lure them away from “the ranks of the Revolutionists.”⁸⁷ The intention was to issue 5 percent bonds for Mex\$50 million, with the bonds secured by mortgages on the irrigation works and the real estate on which the works would be carried out. As an additional guarantee, Esquivel Obregón promised to any investors who subsequently wished to sell their shares that they would be (**p.189**) bought by the federal government with the proceeds of a new federal loan of £20,000 in 5 percent bonds, to be floated on international financial markets.⁸⁸ Cowdray was invited to invest in the shares of the Caja de Préstamos and to “take a hand” in the flotation of the projected federal loan. Body made it absolutely clear to Cowdray that “he [Esquivel Obregón] is asking you first.”⁸⁹

Cowdray's immediate reaction to this new invitation was as enthusiastic and positive as it had been to the first approach at the end of March. This is more significant than has been generally recognised, especially in the light of his subsequent desire to play down his enthusiasm for the Huerta government. He immediately cabled Body: "I cordially agree that we subscribe such sum as you deem advisable, not exceeding 5% of total."⁹⁰ This was, once again, a clear statement of his commitment to the Huerta government.

Wisely, however, Cowdray showed more caution over the second invitation to take on the flotation of the federal loan, and immediately, perhaps instinctively, wrote for advice to former Finance Minister José Yves Limantour in his Parisian exile. The letter, and Limantour's response, are worth quoting at some length, since they are highly revealing, first, of Cowdray's enthusiasm in supporting the new government; second, of his realistic approach to the nuts and bolts of the proposed arrangement; and, third, of the nature of his relationship with Limantour.

"Our great interest" he told Limantour "and naturally so, *is to be of any use that it is possible for us to be to the Government*" (my italics).⁹¹ As a mark of his personal commitment and, no doubt, partly as a means of establishing his *bona fides* with Huerta and his cabinet, Cowdray insisted that he would receive no commission on the deal. His saw his role as that of an "intermediary between any financial houses and the Government," an honest broker who, as a result, "might prevent the possibility of the negotiations being handed over to perhaps irresponsible persons." At the same time, Cowdray acknowledged the difficulties in making the loan happen; "I am afraid that there is no doubt that the placing of the loan will be a very difficult operation: in fact, it is by no means certain that it can be done." If it were to happen, he continued, "the one person who can handle a business a thousand times better than anyone else, is your good-self." His flattery went further still:

To place the loan on decent terms will need a genius as great as yours; naturally no one would give the same confidence to the financial houses that you would. You will be able to say, which no one else could, what kind of loan the Government could legally and properly make; the securities, if any, that could be properly given having regard to the financial conditions of the European markets, et cetera.

(p.190) He finished with an appeal to Limantour's patriotism, and a plea which clearly shows he understood the importance of the loan to the immediate stability of the Huerta government: "My own strong opinion is that the loan cannot be obtained except through you: hence your services are of priceless value to the Government and if you would assist with your advice and counsel Mexico will have to acknowledge that once more it was indebted to you for a great national service."⁹²

It is worth speculating on Cowdray's motives for approaching Limantour. The first was his obvious support for a loan which would stabilise the Huerta government. The second was an instinctive, certainly habitual, and notably reverential appeal to the individual whom Cowdray considered to be capable of bringing off what would be a difficult negotiation with European financial houses. This was despite the fact that Limantour was a political exile, not only without portfolio, but also without any political support or official status in Mexico. However, as had always been the case in the relationship between Cowdray and Limantour, the former's powers of persuasion over the latter were strictly limited. In fact, convincing Limantour had always been an uphill struggle for Cowdray ever since his arrival in Mexico in 1889. It was no different now.

Limantour showed himself, as always in his dealings with Cowdray, to be not only immune to flattery, but also hardheaded, businesslike, and unsentimental.

In his reply, Limantour's first purpose was to squash any hopes Cowdray might have entertained that the ex-minister of finance might take the lead in the negotiations. He gave two reasons: "first, because I have taken the firm resolution not to accept any post or commission from the Government whatever it may be; second, because the Minister [Esquivel Obregón] having been one of those who more criticised publicly [*sic*] the policy I followed when Head of the Department, I would like to avoid my interference in the matter to be wrongly interpreted." Nevertheless, he was clearly willing to help "in a strictly confidential way, and without any pecuniary interest, if you, or first class Banking institutions or bankers agree to handle the whole concern." He obviously was well informed, and still well connected with banking circles in Europe: "You know probably that Noetzlin, with Morgan, Kuhn Loeb, one the one hand, and Speyers with their group, on the other, have already been in touch with the Minister for this same purpose. Moreover, the new Mexican Financial Agent is also trying, through the Hudson Consolidated, to form a syndicate to meet the Government's requirements." Even if Cowdray had known, this information certainly put him in his place, since he could no longer claim any exclusivity as the Mexican government's first choice. Limantour then criticised Esquivel Obregón's scattergun approach, which he described as **(p.191)** "knocking at so many doors at a time": not only was it unwise to seek to deal simultaneously with so many potential bankers or brokers at the same time, but the range of financial "combinations," as Limantour put it—"a loan of 100 million Mex in 5% bonds; drafts at 90 day renewable ... and lately, an issue of shares of the Caja de Préstamos"—suggested that Esquivel Obregón did not have "a definitive plan." He continued:

I am afraid that the Minister has delusive ideas about the condition or terms which can be gotten for the projected loan, because the only fact of hoping to obtain the par value for five per cent bonds is quite an oriental dream. You are right when you say that it is almost impossible now to get money for Mexico by the way of a public loan; and, therefore, I consider that the most practical scheme, while the Balkan crisis and the Mexican troubles will still last, should be the acceptance of drafts with an option on the future loan, at a reasonable price and the guarantee of the custom duties. You must also bear in mind that nothing can be done without the Banco Nacional, whose privileges must be respected.⁹³

Cowdray's reply showed that he was still hoping to be selected as the government's agent and that he remained optimistic about taking on the business, with Limantour's clandestine support: "if by chance *the Government appoint me their representative* [my italics], putting the business exclusively in my hands and giving me the terms they are prepared to give, I would at once settle with you what the programme of operations should be."⁹⁴

In the event, Cowdray appears to have taken no further part in the negotiations over the loan. As Limantour had predicted, Esquivel found it very difficult to realise his "oriental dream." In June 1913 it was announced that Luis León de la Barra, the Huerta government's financial agent in London, had signed a contract with a consortium of European bankers through the agency of the Banco Nacional for £16 million over ten years at an interest rate of 6 percent.⁹⁵ The first issue on the loan was restricted to £6 million (Mex\$54 million), most of which was swallowed up by a reserve fund, and by the government's existing short-term debt commitments (negotiated by the Madero government in 1912), and left the Huerta government with only some Mex\$12 million at its disposal. This necessitated the negotiation of a further short-term loan in September 1913,

this time with a consortium of banks in Mexico City, for a nominal Mex\$18 million. The terms of the loan—interest at 7 percent to be fully repaid by 1 January 1914—were a further indication of the lack of international confidence in the stability of the Huerta government.⁹⁶

Cowdray was again approached directly to contribute to the new flotation, but for the first time he showed signs of wavering in his hitherto **(p.192)** enthusiastic support. There were two main factors which influenced his cautious response. The first was that the terms of the loan were much less favourable than had been anticipated. The second was that the political significance of the loan had increased, above all in the context of the widening gulf between the policies of the British and US governments toward Huerta.

As Body explained to Ryder:

We had to give the matter very serious consideration, as to comply with the Government's wishes would mean our affiliation with the party in power, and our connection to a certain extent with Mexican politics, which, as you know, is what we have consistently endeavoured to avoid. On the other hand *our sympathies are altogether with the Government, and we felt that, if necessary, we should strain a point to do our share in helping them bridge the difficulties with which they are confronted* [my italics].

Accordingly, the Chief telegraphed you that we would participate to the extent of \$750,000 Mex., provided that it should be absolutely necessary to go to this limit. At the same time the Chief advised you, that if possible our subscription should not exceed \$500,000, and I judge from your cables that you will be successful in keeping within this amount.⁹⁷

If this did not as yet represent a change of heart, it nevertheless showed a greater degree of circumspection. Cowdray was further concerned by the dramatic events of mid-October 1913, and lamented that Huerta's decision to dissolve Congress, to arrest the majority of elected deputies, to declare the proposed presidential elections void, and to assume dictatorial powers was inimical to the outcome he most desired—the restoration of stability. His only intervention in this crisis was more humanitarian than political. Ernesto Madero contacted Cowdray from exile in Spain, asking him to “intervene with the Foreign Office that Minister Carden use his influence with President Huerta” to avoid any violence toward his three brothers, who had been accused of political conspiracy and arrested in Monterrey. Cowdray's intervention was successful. He received messages from both Foreign Secretary Grey and Lionel Carden that Huerta had given personal assurance that no further violence would be committed against the Maderos.⁹⁸ But for the most part, he kept his feelings entirely private and certainly refused to condemn Huerta's actions in public.⁹⁹

These subtle changes in Cowdray's position went entirely unnoticed in the public sphere. In fact, in both Mexico and the United States, opinions of Cowdray polarised significantly toward the end of 1913. The personal attacks on him in the American press, and criticism of the British position from senior officials within the Wilson administration now proliferated. In October the *New York Tribune* reported that “Cowdray is supporting **(p.193)** Huerta and forcing the British Government to do likewise”; the *New York American* claimed in November that “Huerta has given Lord Cowdray new concessions”; and, more sensationally, the *New York Herald* reported in February 1914 that “the oil lands are to be nationalised by General Huerta and then transferred to Lord Cowdray for \$50,000 USD.”¹⁰⁰ At the same time, John Lind, a former governor of Minnesota who had been sent by President Wilson as special envoy to Mexico in August 1913,

proceeded to assail the White House with reports which were explicit in their condemnation of Cowdray's influence over British policy, and his "absolute" control of the Huerta administration.¹⁰¹

The growing schism which these reports reflected between the British and American governments over policy toward Huerta, and over Cowdray's role in influencing British policy toward Mexico, was compounded by news of the appointment of Sir Lionel Carden as British minister in September 1913. Carden was well known in Mexico City and Washington for his advocacy and promotion of British interests, and, to an equal degree, his hostility toward the strategic and commercial ambitions of the United States in Mexico and the Caribbean. He had been part of a special mission to Mexico in 1883 which had negotiated the restoration of diplomatic and commercial relations between Britain and Mexico in 1884, subsequently becoming the British *chargé d'affaires* in Mexico.¹⁰² He was still in post when Cowdray (as the young Weetman Pearson) first arrived in Mexico in 1889, and they had a mutual interest in land acquisitions on the Isthmus of Tehuantepec and minor business ventures which dated back to the early 1890s.

Carden's connection to Cowdray, coupled with the former's profound and outspoken admiration for both Porfirio Díaz and Victoriano Huerta, further fuelled speculations in the press and in diplomatic correspondence that Cowdray was behind the appointment. The US ambassador in London, for example, complained to the Foreign Office that "we deem it most unfortunate that the new British Minister should be guided in action and opinion by Lord Cowdray."¹⁰³ The fact that Carden presented his diplomatic credentials to Huerta on the day after Congress had been suspended could not have been more controversial or provocative in the eyes of the Wilson administration.¹⁰⁴

Cowdray's relationship with Carden was a complex one, and although there is no evidence that Carden's appointment was made at Cowdray's instigation,¹⁰⁵ there *is* evidence of long-standing personal connections which could be easily misconstrued or misinterpreted as a conflict of interest. Carden had clearly taken advantage of the opportunities which had opened up for British and European investors following Mexico's rapprochement with their European adversaries in the 1880s. For senior (**p.194**) figures in the Díaz government, the need to counterbalance growing and, in the opinion of Foreign Minister Ignacio Mariscal, alarming levels of US investment by attracting European capital became an absolute priority. Carden's position as British *chargé d'affaires* put him in an even more advantageous position, and he appears to have made extensive speculative investments in land and mines in the early 1890s.¹⁰⁶ It was clear to Cowdray at an early stage that Carden was more of a speculator, and an avaricious one to boot, seeking immediate returns on his investments, than an astute businessman.¹⁰⁷ Nevertheless, because of his position as British minister in Mexico, the young Pearson was keen, for personal as well as political reasons, not to offend Carden, especially while there were still many lessons to be learnt about Mexican and British business etiquette.

As a result, when Carden attempted in 1891 to persuade him to invest in a Mexican mining venture, Pearson was clearly unimpressed with the proposal as a business venture, but circumspect enough to express an interest in the project. He wrote to Duff Morison, who was representing Pearson in the negotiations over the Gran Canal contract: "you know that we don't wish to put any money into mines if it can be avoided, but we should be prepared to put £500 into Carden's, albeit we don't believe in it, if by not doing so would offend him."¹⁰⁸

In 1893 Carden fell foul of new consular regulations issued by the Foreign Office which prohibited British consular officials abroad from making speculative investments, and he was obliged to sell off most of his shareholdings in Mexican ventures.¹⁰⁹ He justified the retention of lands he had acquired on the Isthmus of Tehuantepec on the grounds that these were agricultural lands, and not lands held for speculative purposes.¹¹⁰ The award to Pearson of the contract for the Tehuantepec National Railway clearly rekindled his interest in property in the isthmus, and he extended his holdings in 1898, partly funded by a personal loan (of £1,000) from Pearson, and the following year consolidated his holdings in the Uspanapa Land Company.¹¹¹

This began a long relationship between Carden and Cowdray as debtor and creditor, respectively, which was still extant when Carden returned to Mexico in 1913. In 1906, Carden, now British minister in Guatemala, had borrowed a further £3,000 (Mex\$31,200 from Pearson, using 980 shares in Uspanapa as collateral. In 1908, as part of Pearson's increasingly frantic search for supplies of crude to fulfill his contractual obligation to his growing list of clients, El Aguila signed a contract with Carden to explore the Uspanapa lands. They proved to be no more suitable for oil production than they were for agriculture, and the contract was cancelled in 1911. Despite his disappointment at the lack of oil on his properties, Carden **(p.195)** was still interested in developing his lands and proposed the establishment of a sugar estate which, as he explained to Cowdray, "with a little backing, which you perhaps might be able to tend, I think it could become a success." Cowdray once again did his best to accommodate Carden, and commissioned a survey of the Uspanapa lands. The report gave an unequivocal recommendation that the sugar project should be abandoned.¹¹² The idea was finally dropped.

As a further favour to Carden, Cowdray agreed in 1912 to extend the term of the original 1898 loan for two more years, at 5 percent interest. When those two years had passed, Carden informed Cowdray that he did not intend to repurchase the shares which had originally been offered as collateral, and offered Cowdray more shares in repayment of his outstanding debts. Cowdray agreed in principle and, as a further concession to Carden, agreed not to require Carden to repay the "delinquent" (i.e., unpaid) interest which had accumulated on the loan. Carden's final and brazen ploy was to argue, apparently without irony given his earlier claim that the land had not been acquired for speculative purposes, that the lands had increased in value to such an extent that, in order to complete the deal, he was due a cash settlement. Clearly annoyed, Cowdray offered Carden a proportional share of proceeds if the land were sold at a profit within the next five years, having deducted the cost of the shares, and adding 6 percent interest compounded half-yearly (i.e., 12 percent per annum) from 1898. Carden declined the offer but recognised that he was not "in a position to pick and choose," and declared that he regarded "the whole transaction as finally closed by the surrender of the shares without further liability on either side."¹¹³

The point which emerges from this last set of correspondence with the embittered and irascible Carden is that Cowdray, unlike Carden, had never regarded their relationship as a business arrangement, but one which was based upon a series of personal favours. Those favours were certainly not based upon any deep personal affinity, since, as the correspondence shows, that was clearly not the case. They were, by contrast, a function of British class relations and etiquette between businessmen and diplomats which appeared to epitomise the underlying ethos of "gentlemanly capitalism."¹¹⁴ As Body explained to Carden, "Lord Cowdray always considered that our connection with the affair was in the nature of a personal accommodation to yourself... never a purely business transaction."¹¹⁵

However, this cannot disguise the fact that Cowdray was, technically at least, Carden's creditor at the time of the latter's appointment as British minister in 1913, a fact which could be—and in the eyes of his enemies (Carranza's Constitutionalists, US diplomats, rival US oilmen, and US **(p.196)** journalists) certainly was—construed as a conflict of interest.¹¹⁶ Whether this gave Cowdray a greater degree of influence over Carden is a matter of speculation, but that was not the central issue. Carden clearly needed no encouragement for his advocacy of British business interests, or his support for Huerta, and he and Cowdray shared the same opinion on both of these matters. But there is certainly no evidence that Cowdray engineered Carden's appointment.

In retrospect, Carden's appointment as Mexican minister can best be seen, as Peter Calvert argues, as the last attempt by the Foreign Office to conduct a policy toward Mexico independent of Washington, as had been demonstrated by the controversial recognition of Huerta. Once it became clear after the events of October 1913 that the hostility of the Wilson administration toward Huerta was implacable, or, as Calvert has put it, that Washington had stepped up its campaign “for the elimination of Huerta, crushing Cowdray, and replacing Carden,” there was a slow but steady process of retrenchment by the British government and the Foreign Office, following the trend which had been established during the negotiations of the Murray Contract in Colombia.¹¹⁷

There had already been numerous indications of backpedalling, described in diplomatic language at the time as “clarifications” of the British position. Prime Minister Herbert Asquith used the occasion of the prime minister's annual speech on foreign policy at the Guildhall in London to explain:

A rumour has found credence in some quarters that, at a moment when the Government of the United States were taking a line of their own with regard to Mexico, we entered upon a new departure of policy deliberately, or at least if not deliberately, at any rate in effect, opposed to that of the United States, and calculated to thwart it. There is not the vestige of foundation for such a rumour.¹¹⁸

The following day, Foreign Secretary Sir Edward Grey asked Cowdray to confirm, as he duly did, that “neither S. Pearson & Son nor El Aguila were advancing funds to the Mexican Government at this time.”¹¹⁹ At the same time, while the British government refused to withdraw its recognition, Grey instructed Carden to make it clear to Huerta “that we cannot support him in any way against the United States.”¹²⁰ Two months later, although Grey refused to bow to pressure to withdraw Carden, he informed the US ambassador in London, Walter H. Page, that Carden would be posted to Brazil in the near future.¹²¹

Whether the shift in British policy may be called a clarification or a climbdown, they had serious repercussions for the way in which Cowdray would have to conduct his business affairs in Mexico in the future.

(p.197) He was fully aware of the situation, as he explained to his representatives in Mexico:

I find a complete understanding between the British and United States Governments. This, of course, means that the British Government recognises that the United States is free to act as it is so doing ... that there will be no opposition thrown in its way of so doing—and if

we agree no doubt the Germans and French will follow suit—and that, in consequence, the European nations will look to the American government for the protection of their properties.¹²²

Cowdray's first reaction to the confirmation of his growing marginalisation—if not isolation—was to take a more resolute and personal approach to the defence of his interests against the rising tide of hostile press reports, not only in Mexico and the United States, but those which had more recently appeared in the British, French, and German press. He issued a statement which refuted the allegations of collusion and corruption, and attempted to set the record straight regarding his relationship to the Huerta regime:

In common with most of the Banks, and leading Houses in Mexico, my Firm and Allied Companies subscribed for a small proportion—less than three per cent—of the Government loan made through the National Bank of Mexico. Apart from this, neither I, my Firm, nor allied Companies have in any way, directly or indirectly, assisted in a financial manner the present Provisional Government, nor, let me in justice add, have we been asked to do so.¹²³

At the same time, he showed his exasperation with Henry Clay Pierce, whom he memorably described as the “head-devil” behind the press campaign, and threatened that any further attacks would bring retaliation, and a resumption of the oil price war of 1909 and 1910; “it is absurd being friends at Clay Pierce's suggestion when he maliciously attacks and misrepresents us elsewhere with the object of inflaming Mexican and American opinion against us.” If the campaign did not cease, “we will break the arrangement now existing—which was made at his request—and go for as much of the domestic trade as it is possible to obtain, regardless of the price we may obtain.”¹²⁴

The first concrete example of the way in which the protection of Cowdray's business interests in Mexico was now increasingly in the hands of the US government came in late November 1913. Following the incursion of Constitutionalist commander Cándido Aguilar into the Huasteca Veracruzana, Aguilar threatened to destroy El Aguila's Potrero wells, if forced loans were not paid, and if El Aguila failed to cease supplying fuel to railways carrying federal troops loyal to Huerta. El Aguila's properties in northern Veracruz were certainly not the only ones to be subjected to **(p.198)** these threats. Body's response was to telegram Carden with a request for British ships to be sent to protect El Aguila's properties. A contingent of the Royal Navy's squadron stationed in Barbados under the command of Rear Admiral Cradock arrived in Tampico at the end of November. At the same time, Cowdray had requested the Foreign Office's intercession in requesting the assistance of US warships already stationed in the Gulf. US Rear Admiral Fletcher was, in fact, already stationed in Tampico and was able to force Aguilar's troops to withdraw. Most significant, although Fletcher's rank was beneath Cradock's, the Admiralty ordered Cradock to allow Fletcher to take overall responsibility for the measures taken to protect the lives and property of both British and American inhabitants.¹²⁵

While Cowdray understood the realpolitik which governed the role of the US government in the protection of his Mexican oil fields, it did not enable him to understand the policy of the Wilson government any better. As the authority of the Huerta government visibly waned during the early months of 1914, a broad range of armed factions not only proliferated but also became bolder in their challenges to the federal authorities. In April, a contingent of the loose coalition of Constitutionalist forces under the command of Venustiano Carranza effectively laid siege to Tampico, the centre of the export operations of the major oil companies, which prompted the

dispatch of the USS *Dolphin* to Tampico to protect the oil fields. The landing and subsequent arrest of a contingent of US sailors was subsequently taken out of all proportion by demands for not only a full apology and a twenty-one-gun salute from the Huerta government, but also a (successful) petition from President Wilson to Congress to approve the military occupation of Veracruz to force the Mexican government “to enforce respect to the flag.” Cowdray's reaction to this latest and most blatant intervention from Washington into Mexican internal affairs since the War of 1847–48 was a mixture of bemusement and frustration:

I doubt if there has ever before arisen such a position that the US is now taking. They are determined not to intervene, at the same time they support demands for a salute which in fact would go a long way to recognising Huerta. It is this complication which prevents them having any real policy.... Wilson says too much and does too little. He will not grasp the nettle.¹²⁶

The US occupation of Veracruz prompted a wave of nationalist reaction within Mexico—never far from the surface in US-Mexican relations¹²⁷—and even gave a temporary boost to the authority of the Huerta administration as volunteers flocked to defend Mexico's violated sovereignty. It was clear to most observers, however, that by the end of **(p.199)** May 1914, Huerta's demise was imminent, and that a Constitutionalist victory was the inevitable outcome.¹²⁸ Cowdray's early reaction, despite his clear personal preference for a Huerta government, was to pursue the strategy which he had consistently adopted since 1911—informal approaches to the political faction most likely to assume the reins of power. At the end of May 1914, Cowdray sent Body a copy of a telegram from Carranza's representative in London, Miguel Covarrubias, to the self-styled First Chief of the Revolution, which stated that “a careful enquiry has convinced me that Lord Cowdray has not helped Huerta, nor is he an enemy of the Constitutionalist cause.” Cowdray commented, “The telegram is rather more explicit than I should have wished, however, it will probably do no harm, and may result in more protection for our properties than we would otherwise receive.”¹²⁹ The day after Huerta's resignation following the fall of Zacatecas to the rebel forces led by Pancho Villa, Cowdray approved the draft of a telegram which El Aguila's lawyer and representative in New York, Herbert Carr, proposed to send to Carranza on behalf of El Aguila to congratulate him on his victory. He advised a more cautious and less enthusiastic wording than Carr had adopted, repeating what would now become the party line on political interference: “As we avoid any political bias, cancel congratulation except as to bright prospect of settled conditions and peace.”¹³⁰

At the same time, Cowdray was aware of the schism in the ranks of the Constitutionalist movement prior to the resignation of Huerta, and therefore he could not afford to ignore the possibility that the mercurial Pan-cho Villa might emerge triumphant from the internecine struggle. As he explained to Sir Ralph Padget at the Foreign Office in November 1914, “The present feeling ... is that with the limination [*sic*] of Carranza, and the coming to the fore of Villa, the strong man, who has real able and strong men associated with him (whereas Carranza had nothing but useless ones) the outlook is decidedly better.”¹³¹ He was even more optimistic in a letter to Guillermo de Landa y Escandón in exile in Biarritz, explaining not only that Villa was clearly in the ascendancy but also that it might be possible to reach an accommodation with his faction, since “some of the principal men are recognising that the many tales that have been reported about us are untrue and are believing that we have not taken part in politics.”¹³²

Cowdray would, therefore, in the future emphasise his now-familiar mantra of “strict nonintervention” into Mexican domestic politics, which was the line he would adopt with Huerta's domestic adversaries after 1914. Given his close connections with the Huerta regime, from which he now attempted to extricate himself, it was the only feasible strategy to adopt. With the illusion of the close political relationship with the political (p.200) elite—which he had enjoyed under the Díaz presidency and had hoped to enjoy with those of Madero and Huerta—now his own version of Limantour's “oriental dream,” the best he could hope for was a pragmatic relationship with whoever was in power, with the purpose of allowing his business interests to function with the least disruption possible, until such time as he was able to negotiate a satisfactory exit from his extensive commitments.¹³³

Notes:

- (1.) For an analysis of “official” postrevolutionary history, see Benjamin *La Revolución*; for the cultural and political impact of 1968 in Mexico, see A. Aguilar Camín and L. Meyer *In the Shadow of the Mexican Revolution: Contemporary Mexican History* Austin: University of Texas Press, 1993, pp. 186–87.
- (2.) M. Tenorio Trillo and A. Gómez Galvarriato *El Porfiriato: Herramientas para la Historia* México: Fondo de Cultura Económica, 2006, p. 21.
- (3.) In these last two chapters I shall refer to Pearson as Cowdray, as he himself did after his elevation to the House of Lords, first as Baron (1910), and subsequently as Viscount (1917) Cowdray.
- (4.) L. Hall *Oil, Banks and Politics: The USA and Post-Revolutionary Mexico 1917–24* Austin: University of Texas Press, 1995.
- (5.) Quoted, inter alia, in Middlemas *The Master Builders*, p. 223, and Young *Member for Mexico*, p. 5.
- (6.) Estimates of taxes on oil production received by the Mexican government rose from Mex\$1,232,930 in 1914 to Mex\$45,479,168 in 1920; Álvarez de la Borda *Los orígenes*, p. 34.
- (7.) SMA:PEA Box A4 Cowdray to Body 15/04/1912.
- (8.) Brown *Oil and Revolution*, p. 251.
- (9.) Archivo José Yves Limantour (hereafter AJYL) 2a serie R12 Limantour to de Landa y Escandón 25/11/1902.
- (10.) SMA:PEA Clarendon Hyde to Grey 27/10/1910.
- (11.) García *Crónica oficial*, p. 94.
- (12.) Álvarez de la Borda *Los orígenes*, pp. 66, 71–73.
- (13.) SMA:PEA Box A3 Memo on Interview with Mr. Balfour 18/06/1918. The specific circumstances are discussed in the next chapter.
- (14.) SMA:PEA Box A3 Memo re: Mexico 9/1/1914.

(15.) The Mexican Treasury (*Hacienda*) under Madero calculated a bud get deficit of Mex\$9.4 million in 1912: Álvarez de la Borda *Los orígenes*, p. 92; Body reported in September 1912 that “government finances are running low.... I know that under the present conditions it is very difficult for them to make satisfactory loans”; SMA:PEA Box A4 Body to Cowdray 21/09/1912.

(16.) Body accepted these terms so as to be in a good position to negotiate further contracts. This had been the strategy adopted by Pearson and Body since their early days in Mexico. Body put an optimistic gloss on the outcome: “We will derive a great benefit from the contract in that we know so much better how to negotiate such matters, and this will help us in getting the more important contracts”; SMA:PEA Box A4 Body to Cowdray 14/12/1912.

(17.) SMA:PEA Box 69 S.P.&S. Sucesores.

(18.) The first approach to El Aguila was made as early as 1911 by two smaller US oil companies operating in Mexico, Texas, and Gulf Refining, but the proposal for an amalgamation fell foul of the antitrust laws in operation in Texas. Jones *The State*, pp. 217–18.

(19.) AHPM C2806 Exp. 73765 Cowdray to Hayes.

(20.) SMA:PEA Box A4 Memo by John B. Body 29/08/1911.

(21.) The rapid collapse of the Díaz regime took everyone by surprise, even those who were members of the inner circle of the Porfirian political elite. Guillermo de Landa y Escandón wrote to Pearson in July 1910 that President Díaz was “as fine as ever, and there is no doubt that we shall have not the least trouble for the Elections of the Vice-President, who will be Corral”; SMA:PEA Box A4 de Landa y Escandón to Pearson 20/07/1910. The secretary of the British Legation in Mexico City reported to the Foreign Office in February 1910 that in Mexico “there was never the remotest danger of a revolution”; FO371/1149/1574T. B. Hohler to Sir Edward Grey.

(22.) The letter to Zamacona indicates that Cowdray was acting with at least the tacit support of the government in his approach to Taft; SMA:PEA Box A3 Cowdray to Zamacona 26/04/1911.

(23.) The secretary to the British Legation in Mexico City, Thomas B. Hohler, was also involved in organising Díaz's departure; Hohler *Diplomatic Petrel*, p. 142. The arrangements had been so secret that apparently not even Limantour, who had been Díaz's principal adviser for nearly two decades, was aware of them; P. Calvert *The Mexican Revolution 1910–14: The Diplomacy of Anglo-American Conflict* Cambridge: Cambridge University Press, 1968, p. 72.

(24.) SMA:PEA Box A3 27/05/1911. For some unexplained reason, Cowdray's generosity did not extend to paying for the delivery of milk to Paddockhurst. As a former head of state, and unable to accept such an offer from a private citizen, Díaz politely declined the offer, citing the inclement weather in England as the reason he could not accept.

(25.) SMA:PEA Box A4 Cowdray to Body 15/04/1912.

(26.) Ever sensitive to political questions, the board meeting of El Aguila in June 1911 proposed the appointment of a new director who “would be affiliated with the new political party”; SMA:PEA Box A4 Body to Cowdray 28/06/1911.

(27.) Rafael Hernández “was on a mining board with me some time ago”; Ernesto Madero, minister of finance, “has been very friendly to our company, and long ago directed his many interests to contract their supplies from us in preference to buying from our competitors”; SMA:PEA Body to Cowdray 28/06/1911. This prompted Cowdray to send the minister a gift, a custom long established with his predecessor Limantour. The gift was, however, less than inspired. He sent *The Official Year Book of the Commonwealth of Australia*, which Madero graciously accepted as an unlikely model for a solution to Mexico's agrarian problems, “which as you readily know is of great importance at the present moment”; Ernesto Madero to Cowdray 26/09/1911. Always anxious to maintain a “friendly” relationship with Ernesto Madero, and always aware of the benefit of having an influence over the press, Cowdray tacitly approved taking “an interest” (i.e., buying shares) in the Mexico City dailies *Imparcial*, *Diario*, *El País*, and the Englishlanguage *Mexican Herald*, of which the Madero government was seeking to acquire control in order “to stop sensational news being so widely disseminated.” But Cowdray did so only to keep “Don Ernesto” onside and to put pressure on the Madero government to buy him out of the TNR contract. He told Body, “If the sale of the Tehuantepec Railway goes through we could afford to take one or two shares in the Syndicate, as Don Ernesto might wish us to do, but, at the same time, we should not desire to have the slightest responsibility as to the conduct of the papers ... if one abstained, the Government might consider it an unfriendly act ... we ought to subscribe whether we like it or not—of course, the smaller the amount the better.” SMA:PEA Box A4 Cowdray to Body 05/02/1913. Less than a week later, on 9 February 1913, a coup was launched to remove Madero from the presidency.

(28.) “Riba has secured the Brother-in-Law of the President for us”; SMA:PEA Box A4 Body to Cowdray 10/08/1912.

(29.) De la Barra had been appointed interim president to oversee the conduct of presidential elections and to manage the transition between the resignation of Díaz and the inauguration of a new president; see P. V. N. Henderson *In the Absence of Don Porfirio: Francisco León de la Barra and the Mexican Revolution* Wilmington, DE: Scholarly Resources, 2000.

(30.) It is clear that Madero shared the same fears as Díaz and Limantour over the threat posed by Standard Oil. The complicity of Standard Oil in financing Madero's revolution received extensive coverage in the contemporary press in Mexico and the United States, and has been investigated extensively by journalists and historians ever since. For a cogent summary and analysis of the arguments, see Brown *Oil and Revolution*, pp. 94–99, who concludes that Standard Oil had no reason or need to seek oil concessions in Mexico in 1911.

(31.) Reports over the following years in newspapers in Mexico City and across the United States, but most notably in New York (in the *New York Times*, the *New York Herald*, the *New York Tribune*, and the *New York Evening News*), would accuse him of conspiracies in favour of Huerta, in favour of Pancho Villa, and against Carranza. The Intelligence Department of Cowdray's Anglo-Mexican Petroleum Products Company closely monitored these attacks, some of which were decidedly bizarre: for example, a report in the *New York Sun* in November 1913 which claimed that the “British Government was behind Pearson's in an attempt to gain control of the Caribbean Sea by obtaining oilfields and ports in Mexico and Colombia”; or in the *New York American* in March 1914 to the effect that “Lord Cowdray was endeavouring to force Washington to recognise Huerta, and was in collusion with the Japa nese for 30,000 armed Japs [sic] to guard the West Coast of Mexico; SMA:PEA Box A4 File R.1/2 03/03/1915.

(32.) Enrique Creel told Body in April 1912 that “our present biggest competitor had been involved in an intrigue with the object of embarrassing our interests”; SMA:PEA Box A4 Body to Cowdray 15/04/1912.

(33.) If there had been any doubt as to their authorship, it was confirmed in a copy of a letter from the American lawyer Sherbourne Hopkins, during an investigation into Mexican affairs by the US Senate in 1919, that “in June 1911 Mr Pierce engaged me as a Consulting Attorney, in order to attack the científicos, and I accepted his offer, exposing the public acts and hostilising [sic] them by all possible means. This was the beginning of my well-known antagonism against the firm of Pearsons, and for this ser vice, as I remember, Mr. Pierce paid me \$2,000 gold.” Cowdray received the letter, originally sent by Hopkins to Venustiano Carranza (dated 11/01/1914) in 1919; SMA:PEA Box A3 19/06/1919.

(34.) SMA:PEA Box 3 Memo from Body 29/08/1911.

(35.) The principle appears to have been accepted by the management of El Aguila, but the details of its implementation led to weeks of triangular wrangling between El Aguila's lawyers and state and federal governments, and was, it appears, never implemented; SMA:PEA Box A4 Body to Cowdray 15/06/1912, 22/06/1912.

(36.) Ibid. 03/01/1913.

(37.) SMA:PEA Box A3 Body to Cowdray 02/02/1914.

(38.) The most famous of which was that launched by Emiliano Zapata in Morelos in November 1911; J. Womak *Zapata and the Mexican Revolution* Harmondsworth: Penguin, 1969.

(39.) The intermediary in this further example of Cowdray's direct interventions into Mexican politics was the president's brother, the lawyer Henry Taft, a partner in the firm of Cadwalader, Wickersham and Taft, who had represented S. Pearson and Son in the United States. SMA:PEA Box A4 Creel to Cowdray 20/03/1912; A3 Creel to Ryder 20/03/1912.

(40.) SMA:PEA Box A3 Cowdray to de Landa y Escandón 27/10/1912.

(41.) For the career of Félix Díaz, see P. V. N. Henderson *Félix Díaz, the Porfirians, and the Mexican Revolution* Lincoln: University of Nebraska Press, 1981.

(42.) In stark contrast to the growth in exports, domestic sales had begun to be interrupted because of revolutionary disturbances by the middle of 1911; AHPM C40 Exp. 1032 Minutes of the Board of Directors meeting on 27/06/1911. The general sense of nervousness at the time is reflected in the decision to acquire and distribute firearms to El Aguila employees, and to the creation of a defence committee to protect the British community in Mexico City; *Brown Oil and Revolution*, pp. 179–80.

(43.) AHPM C2806 Exp. 73464 Cowdray to P. Díaz 25/11/1911. Banker Enrique Tron was removed at the same time. In compensation, Cowdray offered Porfirito his own director's fee. This was less generous than it sounded, since, as Cowdray then cannily went on to explain, "until the Company has got money to spare it is not paying the Directors' fees, they are simply being entered as a book debt due by the Company to the Directors." Whether any such fee was ever paid to Porfirito is unclear, but given the dividends subsequently paid to El Aguila's shareholders after 1914, the shares originally allocated to Díaz when he became a director in 1909, assuming he had retained them, would have been a valuable asset. Rippy claimed that the preference shares in El Aguila awarded to directors in 1909 guaranteed an income of US\$16,000 per annum regardless of the performance of the company; Rippy *Oil and the Mexican Revolution*.

(44.) AHPM C39 Exp. 1025 ff. 7-11 Board of Directors 24/02/1914; ff. 63-6 4 27/07/1915.

(45.) AHPM C39 Exp. 1023.

(46.) SMA:PEA Box 1C Reed *Mexican Eagle*, pp. 6-8; SMA:PEA Box 1 Ryder *Brief History of Aguila Company* 1926, p. 2.

(47.) Brown *Oil and Revolution*, p. 150.

(48.) Cowdray reported in August 1912 that the export trade was making him £2 million a year; Brown *Oil and Revolution*, p. 148.

(49.) Jones describes AMPPCo as "the model of a well-run oil company." It was certainly not a small enterprise, since "its fine London headquarters contained a staff of 800." In August 1913 AMPPCo acquired a majority interest (51 percent) in the London distributor C. T. Bowring, with whom Pearson had signed a contract in 1906; Jones *The State*, pp. 69-70.

(50.) SMA:PEA Box C47; the first issue of 6 percent preference shares in EOTC was made in August 1913.

(51.) Following the Supreme Court ruling, Henry Clay Pierce entered a lengthy legal battle with Standard Oil and its chief executive, John D. Rockefeller, over the fate of the Waters-Pierce Oil Company, which culminated in Clay Pierce taking sole control in November 1912; Knoblauch *Lord Cowdray's Interests in Mexico*, pp. 102-4.

(52.) SMA:PEA Box C44 Cowdray to Creel 13/03/1912.

(53.) Brown *Oil and Revolution*, p. 149 and passim. It is clear that a number of other factors determined the failure to secure the deal; Cowdray's price was too high, and the negative public image of Jersey Standard following the widespread rumours that they had financed Madero for their own ends was certainly not an incentive for them to become directly involved in Mexico. It is also interesting to note that the agreement by which El Aguila would not compete in the US market was made not through a written contract but, according to Brown, on the basis of a "gentleman's agreement." Cowdray nevertheless saw this as binding, and waited until he had sold a majority of his interests in El Aguila in 1919 before entering the US market through his investment in the Amerada Oil Corporation; Amerada's president was El Aguila's former chief geologist, Everette Lee DeGolyer; Tinkle *Mr. De*, p. 155.

(54.) Young *Member for Mexico*, p. 136; not surprisingly, the deal was reported inaccurately in the Mexican press as a takeover of El Aguila by Jersey Standard; 'Un Nuevo Peligro Para la Nación' *El Diario* 04/06/1912. This perhaps explains why Cowdray was so anxious to keep the negotiations secret.

(55.) AHPM C2806 Exp. 73765 ff. 19-20 Lane to Bernard.

(56.) Ibid. Cowdray to Hayes 21/03/1912.

(57.) SMA:PEA Box 1C Reed *Mexican Eagle*, p. 11. In an interesting postscript to these early negotiations, Bénard was invited onto the board of directors of El Aguila in December 1913, which is a clear indication that Cowdray was keen to keep open the lines of communication with Royal Dutch Shell; AHPM C39 Exp. 1023 ff. 25-30 19/12/1913.

(58.) *Brown Oil and Revolution*, p. 163-4. There were at least 225 foreign oil companies registered in Mexico by 1917; Knoblauch *Lord Cowdray's Interests in Mexico*, pp. 49-50.

(59.) According to Reed, "Further talks with the Royal Dutch, which were initiated with Mr. C. S. Gulbenkian of Paris, took place in February and March 1913, but nothing came of them." SMA:PEA Box 1C Reed *Mexican Eagle*, p. 11.

(60.) Following the award of a government contract to the Marconi Company to supply wireless telegraph stations, it was discovered that Attorney General Sir Rufus Isaacs had bought 10,000 Marconi shares, which he then resold to prominent Liberals (including 1,000 shares each to Ministers Lloyd George and Murray). Shareholders in Marconi stood to gain significantly once news of the contract had been released. There were also rumours that the funds used to buy Murray's shares had come from those businessmen who had made donations to the Liberal Party in return for the award of peerages. Cowdray was never directly implicated in these scandals, but the very fact that Murray had chosen to work for another Liberal "grandee" such as Cowdray after retiring from the Commons raised further comment in the British press about the "corrupt" links between the Liberal Party and prominent businessmen; Searle *The Liberal Party*, pp. 92-93.

(61.) Cowdray had prior dealings with the Colombian government of President Carlos Restrepo in 1908 when he completed the Dorado Railway extension between 1905 and 1908; Spender *Weetman Pearson*, Appendix I.

(62.) Quoted in P. Calvert "The Murray Contract: An Episode in International Finance & Diplomacy" *Pacific Historical Review* XXXV, 1966, pp. 203-44.

(63.) SMA:PEA Box A4 Murray-US Ambassador Page 18/06/1915. Murray gave further details of the unscrupulous tactics employed by US lawyers Chester Thompson and Charles Otis in Colombia, who were acting, unofficially, on behalf of the US government: "After I had been in Bogotá for some time, and the purpose of my mission well known, Thompson and Otis suddenly appeared on the scene with large sums of money to spend."

(64.) Quoted in Calvert "The Murray Contract," pp. 220-21.

(65.) Jones *The State*, pp. 76-77.

(66.) Katz *Secret War*, p. 157.

(67.) SMA:PEA Box A3 Confidential Memo re: Mexico 09/1/1914.

(68.) The significance of these local arrangements will be discussed further in the next chapter.

(69.) An anecdote from British oilman Percy Furber demonstrates Wilson's implacable conviction that Huerta was the assassin of Madero. Furber had been told by Francisco de la Barra (the brother of one of Furber's former business partners) that Madero's murder was unpremeditated and not ordered by Huerta. He had been contacted by British Ambassador in Washington Cecil Spring-Rice in April 1913 and asked to meet Wilson "to see if I could influence the President to change his attitude towards Huerta." The ensuing meeting was both bad-tempered and singularly unsuccessful. Furber *I Took Chances*, pp. 170-71.

(70.) Diplomatic sources are, of course, not only copious, articulate, and eminently quotable, they are also notoriously speculative and prejudiced. For the "benign" view, in addition to the biographies of Spender and Young, see Calvert *Mexican Revolution*, and Knoblauch *Lord Cowdray's Interests in Mexico*; for the negative view, see, inter alia, Meyer *Su Majestad Británica*; because Huerta shares (along with Iturbide, Santa Anna, and Porfirio Díaz) the dubious honour of being one of the most demonised figures in Mexican national history, Cowdray was never likely to emerge unscathed by the association; Katz *The Secret War* provides a balanced assessment.

(71.) SMA:PEA Box A3 Memo on meeting with Ambassador Page 09/01/1914.

(72.) SMA:PEA Box A4 Body to Cowdray 13/05/1913.

(73.) The pact was so called because it was brokered by US Ambassador Henry Lane Wilson, whose memoirs reveal not only his bombastic arrogance but also his overt complicity in the overthrow of Madero, whom he described as "a person of unsound intellect, of imperfect education and vision"; H. L. Wilson *Diplomatic Episodes in Mexico, Belgium and Chile* London: William Heinemann, 1927, p. 287.

(74.) SMA:PEA Box A4 Body to Cowdray 22/02/1913.

(75.) Ibid. 26/02/1913.

(76.) Ibid. 06/03/1913.

(77.) Katz *Secret War*, p. 164. The secretary to the British Legation, T. B. Hohler, was less than complimentary of Stronge's qualities as a statesman, and indicates that he was less than resolute when placed under pressure: "Poor old Stronge came in for the most violent criticisms by the British colony and indeed he must have been a quaint spectacle in the midst of the firing, walking about with his head as usual through the middle of a white poncho and his vile parrot perched on his shoulder dropping its excrement and nibbling his ear. His hesitating manner was unfortunate at such a crisis"; Hohler *Diplomatic Petrel*, p. 184.

(78.) Quoted in Calvert *Mexican Revolution*, p. 164.

(79.) K. Robbins *Sir Edward Grey: A Biography of Earl Grey of Fallodon* London: Cassell, 1971, p. 275.

(80.) Ibid., p. 276; it is also perhaps significant that Cowdray and Grey were close political associates, not only as Liberals, but also as strong supporters of the Imperial Liberal Council; see Chapter Two; Matthew *The Liberal Imperialists*, p. 59.

(81.) SMA:PEA Box A4 Cowdray to Body 28/03/1913.

(82.) Ibid. AMPPCo Intelligence Department File R 1/2 03/03/1915.

(83.) Haff quoted in Katz *Secret War*, p. 160.

(84.) Turlington *Mexico and Her Foreign Creditors*, p. 247.

(85.) At a meeting in late June 1913 between Huerta and US Ambassador Henry Lane Wilson, the importance of British support was underlined. Huerta told Wilson: "On the question of recognition the President said it had been a matter of vital importance at one time, because of the difficulties raised by the bankers who were making the loan to Mexico; but now that these difficulties had all been overcome and Mexico has sufficient financial resources to prosecute the war vigorously, recognition [i.e., US recognition], while it would of course be welcomed gladly, was not essential"; Wilson *Diplomatic Episodes*, p. 305.

(86.) AJYL 3a serie Mexican Office to Body 28/03/1913. Esquivel Obregón's first plan had clearly not been fully worked out, because Body wrote less than two weeks later to inform Cowdray that "the Minister does not now wish us to subscribe \$1,000,000 Mex. at par."

(87.) The creation of bespoke banks to promote agriculture and irrigation had been the brainchild of Limantour, who had launched similar schemes in 1908; Turlington *Mexico and Her Foreign Creditors*, p. 242.

(88.) AJYL 3a serie Cowdray to Limantour 10/04/1913.

(89.) SMA:PEA Box A4 Body to Cowdray 10/04/1913; this letter is also in the Limantour archive.

(90.) AJYL 3a serie Cowdray to Body 10/04/1913.

(91.) Ibid. Cowdray to Limantour 10/04/1913.

(92.) Ibid.

(93.) AJYL 3a serie Limantour to Cowdray 11/04/1913.

(94.) SMA:PEA Box A4 Cowdray to Limantour 15/04/1913.

(95.) Turlington *Mexico and Her Foreign Creditors*, p. 249–50. The banks involved included the Banque de Paris y des Pays-Bas; Banque de l' Union Parisienne; A. Spitzer and Company; S. Bleichroeder; the Deutsche Bank; the Dresdner Bank; Morgan Grenfell and Company; J. P. Morgan and Company; and Kuhn, Loeb, and Company. The interest rate of 6 percent compared unfavourably with the 4 percent negotiated by Limantour prior to the collapse of the Díaz government, and shows how confidence in Mexico's domestic political stability had deteriorated since 1911. Security for the loan was the 38 percent of export and import duties not already pledged to service the loans negotiated by Limantour in 1899 and 1910.

(96.) Ibid., p. 253–56. By the end of November the Huerta government was unable to secure further loans of any kind, and in December was forced to suspend payments of interest on the government's existing debts, the first time Mexico had defaulted since 1861 under the presidency of Benito Juárez.

(97.) This represented no more than 3 percent of the loan; SMA:PEA Box A3 Body to Ryder 04/10/1913; also quoted in Calvert *Mexican Revolution*, p. 231.

(98.) SMA:PEA Box A3 Ernesto Madero to Cowdray 25/10/1913; Carden to Cowdray 3/11/1913.

(99.) Cowdray's priority, following the signing of a contract in July 1913 to supply the Admiralty with 200,000 tons of fuel oil, was clearly to bolster the stability of the incumbent government; Jones *The State*, p. 69. The contract no doubt also inspired him to buy a lavish wedding gift for Huerta's daughter; Calvert *Mexican Revolution*, p. 230.

(100.) SMA:PEA Box A4 Summary of Press Attacks AMPPCo Intelligence Department File R1/2 03/03/1915. These reports were also of concern to the Foreign Office; in response to a request from Foreign Secretary Lord Grey, Cowdray declared that “we made no contract or obtained no concession from Huerta”; Box A3 23/12/1915. This contradicts Katz *Secret War*, pp. 200–201, who claims, based on the testimony of Admiral Paul Von Hintze, the German minister to Mexico, that Cowdray had received important concessions from Huerta, although he does not specify what they were.

(101.) According to Peter Calvert, Lind neither spoke any Spanish nor possessed any diplomatic experience; Calvert *Mexican Revolution*, p. 229.

(102.) See Chapter One; Carden had also been consul general in Cuba during the Spanish-American War of 1898–1902; Calvert *Mexican Revolution*, pp. 218–19.

(103.) Quoted in Knoblauch *Lord Cowdray's Interests in Mexico*, p. 161.

(104.) Calvert *Mexican Revolution*, pp. 216–53.

(105.) There is even evidence to the contrary. El Aguila's lawyer Luis Riba had asked Cowdray to persuade FO to retain Stronge as minister until the situation in Mexico had become less volatile; there is, however, no record of Cowdray's reply, or evidence that he did anything about it. SMA:PEA Box A3 Riba to Cowdray 27/7/1913.

(106.) Following the restoration of British-Mexican commercial and diplomatic relations in 1884, Carden had prepared a detailed report on the land programme of the Díaz government and outlined the opportunities for British capital; Tischendorf *Great Britain and Mexico*, p. 99.

(107.) An old Etonian, Carden was described by Edith O'Shaughnessy, the wife of Nelson O'Shaughnessy, appointed the First Secretary to the American Embassy in August 1913, as “the handsome, perfectly groomed, tall, fresh-complexioned, white-mustached, unmistakable Briton”; E. O'Shaughnessy *A Diplomat's Wife in Mexico* New York: Harper & Brothers, 1916, p. 15. He appears to have been an exceedingly vain man, writing to Limantour in 1894 to ask why President Díaz was ignoring him: “the absolute indifference of the ruler of the country is, to say the least, not encouraging ... and must, I fear, be attributed to his being for some reason prejudiced against me”; AJYL 1a serie R4 Carden to Limantour 16/01/1894. Body was certainly

less than impressed, commenting to Harold Pearson that Carden “has never done a thing except when he expected to get something for it”; SMA:PEA Box E5 02/02/15.

(108.) SMA:PEA Box A6 Pearson to Duff Morison 16/09/1891. As a further example of the need to keep Carden as a friend rather than an enemy, Pearson ordered a carriage (a “Coupe Brougham”) to be manufactured in England and shipped to Mexico as a gift for Mrs. Carden; SMA:PEA Box A6 Pearson to Walsh 14/10/1891.

(109.) Calvert *Mexican Revolution*, p. 218; it is clear from Carden's correspondence with Limantour in this period that he continued to seek land for private colonisation schemes; AJYL 1a serie R4 Carden to Limantour 04/04/1895.

(110.) In fact, contrary to Carden's optimistic assessment, his isthmus lands were entirely unsuitable for agricultural purposes: The firm (Balfour Allen & North) employed by Carden in 1913 to survey the lands reported that they were “inherently defective.” Mahogany had been exploited on a small scale, but what remained was very costly to exploit; regular floods on “miasmatic and unhealthy” low-lying land meant they were unsuitable for cultivation, and “absolutely unfitted for coffee, cocoa, or bananas”; fierce “northerners” (cold north winds) were frequent, there was no resident population, and nothing to attract labour; SMA:PEA Box E5 Balfour Allen & North-SPS 18/06/1913.

(111.) The Uspanapa Land Company held over 40,000 acres in 1899; one year afterward (1899) only half of the loan had been repaid; SMA:PEA Box E5/7 and 10.

(112.) SMA:PEA Box E5 Carden to Cowdray 16/12/1912. The report from Sir Daniel Morris, former government director of agriculture in the West Indies, was “unable to recommend the Project in its present form”; File E5/10.

(113.) SMA:PEA Box E5 Body to Carden 26/02/1915; Carden to Body 10/03/1915. Carden died six months after this correspondence.

(114.) Cain and Hopkins *British Imperialism*.

(115.) SMA:PEA Box E5 Body to Carden 11/02/15.

(116.) For example, the *New York Tribune* reported in October 1913 that “Sir Lionel Carden has been appointed by Lord Cowdray with whom he is closely connected”; SMA:PEA Box A4 Summary of Press Attacks AMPPCo Intelligence Department File R1/2 03/03/1915.

(117.) Calvert *Mexican Revolution*, p. 253.

(118.) *Ibid.*, pp. 265–66. This speech has an eerie resonance of the Guildhall speech of November 2007 delivered by PM Gordon Brown, this time in the context of divergences between US and British policy over Iraq.

(119.) SMA:PEA Box A3 Body to Cowdray 11/11/1913.

(120.) Cited in Calvert *Mexican Revolution*, p. 267.

(121.) Carden was temporarily withdrawn “to report to London” in January 1914, while Hohler took over his duties in Mexico; Hohler *Diplomatic Petrel*, p.188; Carden was sent back to Mexico again in the summer of 1914, and finally withdrawn in August 1914.

(122.) SMA:PEA Box A3 Memo to Dr. Hayes and Mr. Ryder 25/11/1913.

(123.) SMA:PEA Box A3 Statement to Press 12/11/1913, subsequently published in the *Times*; letters were then sent to all London daily newspapers, to the Frankfurt *Gaz*, and to the leading newspapers in Paris (*Le Temps*, *Le Matin*, *Le Journal*, *Le Figaro*); *ibid.* Box A3 17/12/1913.

(124.) Cowdray also identified Sherbourne Hopkins and José Vasconcelos as his principal detractors in the United States and Mexico; SMA:PEA Box A3 Cowdray to Ryder 22/11/1913, Memo to Dr. Hayes and Mr. Ryder 25/11/1913.

(125.) This appeared to be an exercise in splitting diplomatic hairs. The Foreign Office, according to Calvert, subsequently denied that it had allowed the American officer to take full command, and wanted “only” to ensure that Fletcher took on the full responsibility in the event of a landing of US troops on Mexican soil. Ambassador Page in London, however, was certainly under the impression that the Admiralty had ceded the right to command to Fletcher; Calvert *Mexican Revolution*, p. 282. Cowdray was certainly happy with the way in which Cradock had assisted his staff in Tampico, and wrote to First Lord of the Admiralty Winston Churchill to praise the “simply magnificent manner in which Cradock & officers have handled the situation in Mexico”; SMA:PEA Box A3 Cowdray to Churchill 06/08/1914.

(126.) *Ibid.* Cowdray to Body 21/04/1914.

(127.) W. Dirk Raat *Mexico and the United States: Ambivalent Vistas* Athens: University of Georgia Press, 1992.

(128.) The operations of the TNR were one of the first casualties of the backlash. Traffic was halted, and the TNR's American employees taken hostage. They were only freed after Carden had made representations to the Huerta administration; SMA:PEA Box A3 Body to Carden 03/05/1914. In the oil fields in the *Faja de Oro*, a number of US citizens fled in the wake of anti-US hostility. This prompted a request from the British ambassador in Washington for an undertaking from Cowdray that he would not take advantage of the forced exile of US oilmen to acquire new properties, which might sour British-American relations. Cowdray replied, “What ever newspaper articles may say to the contrary, you may absolutely rely upon the Mexican Eagle doing nothing but what would be perfectly consistent for a British firm with the very highest repute to do. It is not fishing in troubled waters, nor is it acquiring developed or partially-developed properties”; SMA:PEA Cowdray to Spring Rice 26/05/1914. Although he kept his word with regard to acquisitions of oil properties belonging to US citizens, he took the opportunity the following month to acquire the Oil Fields of Mexico Company from Percy Furber, who, according to his own account, suddenly got cold feet over the oil business with the looming prospect of a world “in flames”; Furber *I Took Chances*, p. 179. This was the last major oil acquisition Cowdray would make in Mexico; AHPM C39 Exp. 1023 ff. 64–69.

(129.) SMA:PEA Box A3 Cowdray to Body 26/05/1914. Cowdray's hopes proved to be overly optimistic, since El Aguila's properties were subjected to frequent raids, confiscations, and lootings between June and October 1914.

(130.) SMA:PEA Box A3 Carr to Cowdray 16/07/1914.

(131.) Ibid. Cowdray to Padget 02/11/1914; for the internal schism between Carranza and Villa, see F. Katz *The Life and Times of Pancho Villa* Stanford, CA: Stanford University Press, 1998, pp. 433–87. Cowdray's representatives were even careful to leave open the possibility of an understanding with agrarian revolutionary Emiliano Zapata, praising the discipline of the *zapatistas* during the occupation of Mexico City in January 1915 in comparison with the indiscriminate looting practised by the *carranzistas*; SMA:PEA Box A4 Fred Adams (manager of the TNR) to Body 11/01/1915.

(132.) SMA:PEA Box A3 Cowdray to de Landa y Escandón in Biarritz 10/11/1914. In the same letter, Cowdray indicated that he had learnt some of the lessons of his flirtation with those who had favoured a return to Porfirian practices under Huerta. He told de Landa y Escandón that he had rejected a request for him to provide “cash sympathy in favour of our old friend Felix Díaz.” “Of course,” he continued, predictably, “we have had to reply that it is quite impossible for us to become partisans of any faction.”

(133.) Perhaps in this spirit, or perhaps for more straightforward humanitarian reasons, the board of El Aguila, at Ryder's suggestion, gave Mex\$20,000 to Alvaro Obregón's Revolutionary Relief Committee to “help the suffering of the poor.” In the view of the British Minister Hohler, this was an “error of judgement ... the poor will receive nothing, and the money will get into the hands of transient blackguards”; SMA:PEA Box A3 Hohler to Body 27/02/1915.



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