

OIL CENTER OF BIG STRUGGLE ON IN MEXICO

Wall Street Decides Payment of Taxes

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MEXICO CITY.—Oil has become the center of the military struggle in Mexico.

While in Puebla, near the military front, I interviewed a representative of an important American oil company, inquiring especially as to the intentions of the petroleum interests in the matter of payment of taxes. "That will be decided in New York," he declared.

"Not in Washington?" I asked.

"Naw, in New York——" and he laughed at my apparent naivette.

"We'll possibly pay taxes to both factions," he added after a momentary pause. "That's what we've always done. During the revolt against Carranza we paid him so much per barrel and we gave the revolting general, Guadalupe Sanchez (the same man who is now fighting against Obregon for the same oil fields) a flat rate of \$35,000 a month."

"Could you afford to pay two sets of taxes at the same time?"

"Cinch. Why, look here friend, do you know what a barrel of oil cost us? And what we get for it? Taxes, expenses, labor and all, we can deliver petroleum at one dollar per barrel. That barrel represents 42 gallons of products that sell at an average of 60 cents a gallon. Figure it out for yourself, son."

I did. That barrel that costs them \$1, taxes and all costs paid, delivered at the port, nets them something like \$25. I thought the Hughes' famous note on "confiscatory taxes" at a time when the tax on oil in Texas was higher than the tax in Mexico.

When I wrote down the figures in question, the interview suddenly stopped. But I had a new vision of the importance of the battles of Tuxpan, Ciudad, Victoria and Huastecas.

The most important center of petroleum in Mexico is the state of Tamaulipas, whose port of export is Tampico. This remains in the hands of the government, but de la Huerta has proclaimed the blockade of Tampico, attempting to make it effective with three of the four armored cruisers that make up the Mexican navy. He hopes thereby to prevent the export of petroleum from Tampico and the payment of revenue to the federal government. Also, if his blockade is effective, it closes the only remaining federal customs house on the Gulf coast. At the same time, he has issued a demand on the oil companies that they pay their taxes to him, threatening them, first, with not recognizing other payments, and threatening Doheny with the destruction of his oil properties if the taxes are not delivered to the agents of the fascisti government.