Foreign Capital and Mexican Oil

By ELLEN WARD

(*This is the fifth article in Ellen Ward's series on Mexico.*—Editor.)

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IT is an open secret that all firms doing business in Mexico, native as well as foreign, keep two sets of books—one set for the government tax collector and another, more accurate, for the information of the owners. In each struggle of the oil workers for a more adequate living wage, the cry of the foreign oil companies was always that the wages were already so high, and the return upon original investments so low, that they no longer justified continued production. And to substantiate these claims, they always stuck the second, sometimes even a special third set of books under the nose of the government. But what the books invariably failed to show was the original investment. When Cardenas decreed the expropriation of all foreign oil lands on March 18 of this year, a collective howl went up. Then they were all willing and ready to grant the demands of the workers, but it was too late. The government proceeded to publish the story of the original investments, for some of the companies, at least. The story of El Aguila, just to take one of the British companies, runs as follows:

Story Of El Aguila

Porfirio Diaz granted to Lord Pearson (founder of El Aguila) vast oil-drilling concessions. In addition, he received the privileges of exploring and exploiting the subsoil of the States of Tamaulipas, San Luis Potosi, Vera Cruz, Tabasco, Compeche and Chiapas. For all of these privileges, Pearson invested 100,000 pesos.

One year after the organization of El Aguila, the original shareholders issued additional shares of stock (with no increase in the original investment) to the amount of 24,500,000 pesos—8,500 shares of preferred stock and 16,000 shares of common. In summing up the above figures, the Mexican government said in reply to the British protest: "So you see, gentlemen, the subjects of his Majesty's government of Great Britain have not invested in Mexico the fabulous quantities that you imagine—but the great wealth of El Aguila can be attributed, almost entirely, to the gratuitous and fabulous concessions granted to Lord Pearson by Porfirio Diaz." And how long must the Mexican workers continue to pay for this original sin? And what is true of El Aguila, is to a lesser or greater extent, true of the methods by which oil properties were acquired in Mexico by other foreign companies.

El Excelsior, Mexico City, April 21, 1938, gives the detailed figures on the organization of El Aguila, and they are especially instructive in the methods used by the robber barons of capitalism, above all in semi-colonial lands.

El Aguila (Royal Dutch Shell), organized in 1908, under Diaz, with a capitalization of 100,000 pesos which was divided into 100 units at 1,000 pesos a share.

From these small beginnings, the foreign oil interests grew as if by miracle in a little over a generation. El Futuro, official monthly paper of the C.T.M., publishes in its May 1938 issue the following figures on oil production in Mexico (in barrels):

BRITISH

1936	1937
24 million	28 million

UNITED STATES

1936	1937
15 million	16 million

MEXICAN (Petro-Mex Oil Co.)

1936	1937
1 million	1½ million

We see from this table that English and American companies pro-

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tions, are lifted into the sublime. It does not matter whether life be short or long. At least, it has brought these hours of the cherry blossoms, this marriage of the earth and the sun, this miracle that unifies the people ever anew into one great being. The cherry blossom becomes a symbol for the Japanese attitude toward life. . . . "

The tens of thousands of Japanese soldiers, killed ("liberated") in China, will thank our authors for enabling them to go out along the cherry-blossom way. The Japanese farmers, half of the population, perpetually on the verge of starvation, will doubtlessly feel ennobled by such a sweet philosophy. The Chinese masses no doubt appreciate the elegant cherry-blossom spirit of the Japanese bombers.

Such is the result of the authors super-"objectivity."

JIM CORK

power in arousing the labor movement of England and France to action. Under such circumstances, it would no longer be possible for the governments in London and Paris to intervene so brazenly on Hitler's behalf in every emengency. The repercussions in England and France might even prove strong enough to bring about a change of government and a shift of foreign policy. All this, of course, presupposes that the labor movement is not hamstrung and paralyzed by Popular Frontism, as it has been in the Spanish situation.

Nor should we overlook the profound effects that such a revolutionary defensive war would have upon the workers and the masses of the people in Germany, whose discontent with the Nazi regime has already reached a high pitch. There would undoubtedly be a marked increase of defeatist senti-

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duced most of Mexico's oil. They were also in complete control of exports, Royal Dutch Shell leading in this imperialist role.

Struggle Not Yet Won

Royal Dutch sold not only to Great Britain but also to the Dutch Bahamas, the Antilles, Australia, South Africa and other countries. Thus, more than half of Mexican oil exports was in the hands of this British concern. It is quite clear from this that the expropriation of the foreign oil companies cannot yet mean the independence of Mexican oil. Since Mexico must continue to export her oil, her struggle against imperialism has not yet won a victory but has only shifted from one plane to another. Previously the struggle was against imperialist economic activity related to the production of the oil itself and now the struggle must be carried on against these same imperialisms as monopolizers of the world's oil marketing and transportation apparatus; since Mexican oil production cannot be absorbed by itself, it is obvious that the oil imperialists will not only seek to prevent oil exports but will use every means at their disposal to injure Mexican economy.

Nevertheless, the continuous struggle between British and American oil and the needs of countries not entirely in their orbit may permit Mexico to sell some of its product somewhere. And we know now, thru information recently cabled from Mexico (tho it has been persistently denied in official statements by Cardenas) that considerable oil has been shipped to Germany and Italy, and several reports have named Japan also as a large purchaser in recent weeks.

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