

RELUCTANT RECOGNITION: THE UNITED STATES AND
THE RECOGNITION OF ALVARO OBREGON OF MEXICO,
1920-1924

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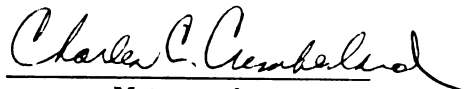
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ABSTRACT

RELUCTANT RECOGNITION: THE UNITED STATES AND THE RECOGNITION OF ALVARO OBREGÓN OF MEXICO, 1920-1924

by C. Dennis Ignasias

On December 1, 1920, Alvaro Obregón took the oath of office as President of Mexico; within three months Warren G. Harding was inaugurated as President of the United States. Two-and-a-half years later official diplomatic relations were finally initiated between the Obregón government and the United States. What occurred during the intervening time was a struggle by Obregón to acquire diplomatic recognition from the United States. Confidential agents, an effective and extensive propaganda program in the United States, personal and informal diplomacy, conspiracies, the interplay of American oil companies in Mexico and foreign holders of securities against the Mexican government form only part of the intriguing story beyond the formal diplomatic notes exchanged between the two governments.

The withholding of recognition from Obregón involved certain diplomatic and legal issues. A decade of civil war in Mexico (1910-1920) brought damage to the life and property of American citizens in Mexico. Part of Mexico's

social revolution--the Constitution of 1917--affected American-owned or controlled property in Mexico. Against the background of disorder, destruction, and constitutional interpretation in Mexico and interventionist sentiment in the United States in 1919-1920, the newly inaugurated Republican administration had to declare a policy toward Mexico. Wishing to avoid what it regarded as the mistakes of the Wilson administration, the State Department decided to coerce Obregón into submitting to its requirements by withholding his recognition. Consequently, before recognition was to be accorded, Secretary of State Charles Evans Hughes demanded written assurances from Obregón against a retroactive application of Mexico's Constitution to American property rights in Mexico.

The resulting stalemate revolved around the two key personalities involved--Obregón and Hughes. Conscious of a delicate domestic situation which he hoped to strengthen by recognition, Obregón did acknowledge the legitimate claims of the United States. What he pleaded for from the State Department was freedom of action in satisfying its requirements--to obtain what was politically feasible within the limits of Mexico's sovereignty. Any other alternative meant the overthrow of his government. Political realism and financial assistance for his reconstruction program (impeded by non-recognition) dictated his policy.

Legalistic and dogmatic, Hughes refused to modify his stringent position until public criticism and embarrassing incidents in 1922 revealed the barrenness of his policy and made him consent (though somewhat unwillingly) to compromise. The joint commission in 1923 (The Bucareli Conference) settled satisfactorily certain disputed points, and became the basis for Obregón's recognition. Rebellion in Mexico during the fall of 1923 brought the full backing of the United States for Obregón. By the spring of 1924 peace had been restored, and the United States remained on friendly relations with Obregón to the end of his term of office in November, 1924.

Among primary sources used in this study were the State Department records in the National Archives and the personal papers in the Library of Congress (Manuscript Division) of Woodrow Wilson, Robert Lansing, Henry P. Fletcher, Bainbridge Colby, Charles Evans Hughes, John J. Pershing, and Calvin Coolidge (also the Warren G. Harding Papers in Columbus, Ohio). For the Obregón government the Archivo General de la Nación (twenty reels of microfilm in the Michigan State University Library) was utilized. The printed documents of both governments were found valuable as were the numerous monographs and articles (propagandist and scholarly) on intervention, recognition and diplomatic theory, Mexico's petroleum resources and its foreign debt, Mexican legislation and constitutional

theory, and the personalities involved. Much of the secondary source material is available in the Library of Congress or in the Columbus Memorial Library of the Pan American Union.

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By

C. Dennis Ignasias

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PREFACE

It was fate or misfortune for Woodrow Wilson to be faced with two terms of office which were primarily concerned with foreign affairs. Three revolutions and one world war involved the United States in several paths of policy and action of a more serious magnitude than since the Spanish-American War. Three major social revolutions of the twentieth century had occurred within seven years of each other--in Mexico in 1910, in China by 1911, in Russia in 1917. Events and circumstances eventually brought the United States into the First World War in 1917.

The policies and decisions made by the Wilson administration carried over into the Republican administrations of the 1920's. Reaction to Europe, the disposition of China, and the attitude toward Soviet Russia overshadowed the problem of the revolution in Mexico. By the time the Harding administration had taken office in 1921, the Mexican Revolution had run its initial sanguineous course. But certain policies and acts during the decade of civil war created apprehension and suspicion in the mind of Harding's Secretary of State, Charles Evans Hughes, and other members of the State Department who were concerned

with Mexican affairs. On what it conceived to be in the national interest of the United States, the State Department formulated a precise policy toward Mexico. When recently elected President of Mexico Alvaro Obregón sought recognition from the United States in early 1921 to consolidate his domestic position, he was presented with a firm and inelastic policy. Faced with an imponderable situation, he had to choose between submitting in toto to the American demands to obtain a badly needed recognition or to accommodate such demands to the exigencies of conditions within Mexico and to Mexican nationalism. Obregón's efforts at recognition involved a two-and-a-half year struggle until a joint commission held in 1923 settled satisfactorily certain disputed issues for recognition to be granted. Obregón's search for diplomatic recognition, in light of Mexico's background and problems and in respect to the State Department's policy toward Mexico, form the basis of this study.

The author is indebted to Charles C. Cumberland for the initial suggestion of this study. Professor Cumberland had portions of the Archivo General de la Nación (Obregón-Calles) microfilmed and on deposit in the Michigan State University Library. To Professor Cumberland and also to Professor Warren I. Cohen the author acknowledges the valuable assistance of suggestions, clarifications, and insights.

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CHAPTER I

THE MEXICAN PROBLEM

The headlines and articles in the American newspapers and magazines during the summer and the fall of 1919 clearly warned that another crisis in U.S.-Mexican relations was approaching. Beginning with the Mexican Revolution on November 20, 1910, diplomatic relations between the United States and Mexico had entered into a most perplexing and antagonizing state of affairs unequalled since the Mexican War nearly sixty years earlier. Within the United States private citizens, existing and newly organized pressure groups, and a congressional investigation were working to influence the State Department and public opinion toward a solution of the nearly ten years of crises with Mexico. By 1919 two overall alternatives had appeared either in the demand for the military occupation of Mexico or for deliberate inaction to allow events to work out for themselves. The State Department and its staff in Mexico together with the President's cabinet reflected these two general alternatives to the crisis of 1919.

Woodrow Wilson had been handed the Mexican problem in 1913 by the outgoing Taft administration. During his terms of office Wilson's Mexican policy, which developed

over the recognition of the Victoriano Huerta government, had become the focus of attention of U.S.-Mexican relations. The crisis arising in 1919, however, and the subsequent attitude taken by the Warren G. Harding administration toward the policy of diplomatic recognition--directed at the Alvaro Obregón government--were the outgrowth of diplomatic and legal problems which, though often unavoidable, kept both the American and the Mexican governments in a state of uneasy tension.

The two principal diplomatic claims registered with the various Mexican governments since 1910 had dealt with the destruction of property belonging to U.S. citizens and with the deaths and injuries caused to U.S. citizens both in Mexico and in the American Southwest. American companies with businesses and large industries in Mexico had complained of the destructiveness of the Revolution to their property. Other Americans who were residents of Mexico engaged in management, sales, ranching and farming, or merely in retirement, were likewise affected by the civil war. The southwestern states of Texas, New Mexico, Arizona, and the southern portion of California--all of which bordered on northern Mexico--were most directly affected by the disruption of normal business relations with Mexico, by the stream of refugees crossing over into

U.S. territory,¹ and by the raiding of Mexican bandits.²

Of greater weight and controversy, however, would be the legal difficulties arising from the Mexican Constitution of 1917 and its implementation by the various Mexican governments. The Constitution of 1917 was the climax of the revolution which had begun in 1910 as an attempt to undertake numerous reforms in Mexican society and to permit an increased participation by the majority of the population.³ Land reform, electoral and political reform, changes in the general educational system and a more equitable tax distribution were among its early aims. Gradually the organization of labor, an anticlerical attitude and the concept "Mexico for the Mexicans" were aims expanded out of the Revolution. The various programs and decrees since 1910 which reflected these aims were finally compiled in detail within the Constitution of

¹These refugees included American citizens, Mexicans, and citizens of other nationalities who were living in Mexico.

²The impact of Pancho Villa's border raids in the American Southwest in 1916 and the resulting Pershing Punitive Expedition are described in detail in Howard F. Cline, The United States and Mexico (rev. ed.; New York: Atheneum, 1963), pp. 174-183. Chapter XXI of J. Fred Rippey, The United States and Mexico (rev. ed.; New York: Alfred A. Knopf, 1931), is devoted to the emotional issue of intervention in 1916 and in 1919.

³The causes and the early development of the Mexican Revolution are best analyzed in Charles C. Cumberland, Mexican Revolution: Genesis under Madero (Austin: University of Texas, 1952).

1917. Completed by a constituent convention within two months, this document retained many features of the existing Constitution of 1857⁴ but included many of the new goals and purposes arising from the recent Revolution.

Among the better known articles of the Constitution,⁵ Article 27 became the most controversial and the principal point of disagreement between the United States and Mexico. The article⁶ formed the nationalization program of the Constitution of 1917. Growing concern over the extensive influence and control held by non-Mexicans in the Mexican economy by 1910 had led to an anti-foreign phase of the Revolution.

By the terms of Article 27 the Mexican Nation was to retain the ownership of the "lands and waters within the boundaries of the national territory." This was a right which, as claimed in the Article, had been "vested

⁴The Constitution of 1857 was the product of an earlier reform period.

⁵Article 3 dealt with education and the general anti-clerical basis of the Revolution; Article 123 was concerned with the rights of labor and of labor organization. On occasion Article 33, which permitted the immediate expulsion of any foreigner, became a point of legal dispute between the United States and Mexico. None of these, however, affected relations between the two countries to the same degree as Article 27.

⁶The best translation of this article may be found in the edition by the Pan American Union, Constitution of the United Mexican States, 1917 (Washington, D.C.: Pan American Union, 1964), pp. 8-10. A selection of the important portions of the Article is provided in the Appendix of this study.

originally in the Nation." The implication of the wording was that such ownership by the Nation had at least existed since Mexico's independence from Spain in 1821, and was thereby both "inalienable and imprescriptable" in its past as well as its future application. However the federal government of Mexico, acting on behalf of the Nation, might grant concessions of ownership to concessionaires on the basis of their compliance with Mexican laws as prescribed in Article 27. By this article the Mexican Nation, then, had the right to expropriate (with indemnity) any private property for the public welfare as well as to transmit title of ownership to private individuals or to private companies.

The members of the constituent convention had given a broad meaning to the term "ownership." Particularly noticeable was the emphasis on the Nation's ownership of all the natural resources of the land, including those beneath the surface (or the subsoil),⁷ and on the broad powers given to the State to regulate, to conserve and to distribute their usage. In addition to reasserting to the Mexican Nation its national domain, the framers of Article 27 gave to the agency of the State, that is, the

⁷ Paragraph four of Article 27 gives a fairly comprehensive and broad listing of these natural resources, which included ores, petroleum, natural gases and other hydrocarbons. See the Appendix of this study.

federal government, the obligation and the power to achieve this nationalization. Because Article 27 applied to the nation as a whole, its implementation would naturally affect, hinder or limit any privately owned foreign enterprise or property in Mexico. According to Section I of Article 27, only Mexicans "by birth or naturalization and Mexican companies" had the right to acquire ownership of the "lands and waters" or to obtain concessions for the exploitation of the natural resources. Within the discretion of the federal government, foreigners could be granted the same rights as Mexicans provided that they agreed to consider themselves as Mexican citizens on this property and to rescind their right of diplomatic protection from their respective governments in all matters relating to this property.

The controversy which initially arose over Article 27 between the Wilson administration and the Mexican government--and was inherited by the Harding administration--involved an interpretation of this Article and its attempted enforcement. In its simplest terms the interpretation of Article 27 revolved around the conflict between the Anglo-Saxon legal system and the Mexican or Hispanic legal tradition on the meaning of the concept of private property. While primarily a legal question, the controversy directly influenced the attitude of the Harding administration toward the recognition of the Obregón government. To

understand the relevance of the controversy, the nature and the extent of the American property holdings and investments in Mexico--which made the controversy more intensive for the position of both countries--must first be examined.

From the latter third of the nineteenth century until 1911, Americans as well as Englishmen, Frenchmen and other Europeans had heavily invested capital in Mexico in the areas of railroads, mining and petroleum, ranching and farming, timber, manufacturing, banking, public utilities and other fields. From 1876-1911 (the era of Porfirio Díaz) Mexico went through a period of rapid economic development in which Americans played the dominant role. American investment in Mexico rose from a few million dollars in the 1860's to an estimated total of about one billion dollars in 1911, the largest increase occurring between 1902 and 1911.⁸ A comparative report of the minimum U.S. and foreign capital invested in Mexico was prepared in 1914 by the Office of the Chief of

⁸The estimates most frequently quoted have been derived from the report in 1902 of U.S. Consul General to Mexico, Andrew D. Barlow, and from the assessment in 1911 of an American mining engineer William H. Seamon (included in the report of the U.S. Consul at Chihuahua, Mexico, Marion Letcher). Barlow's estimate in 1902 was \$503,000,000; Seamon's in 1911 at \$1,044,600,000. Both reports have been summarized in Cleona Lewis, America's Stake in International Investments (Washington, D.C.: The Brookings Institution, 1938), pp. 612-614.

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Staff of the War Department.⁹ According to this report the total investment of American capital was estimated at \$1,057,775,000. The sum of the English, French, Mexican, and other investments in Mexico listed in that order of capital invested was \$583,284,180, or about one-half of the American investment.

Although the American investment was overwhelmingly heavy in Mexican railroads and mining,¹⁰ the principal dispute over the application of the Constitution of 1917 came from the investments in petroleum.¹¹ Unlike the late nineteenth century investments in railroads and mining, the petroleum industry was a relatively recent development. Commercial production of petroleum, located primarily on Mexico's eastern coast in the state of Veracruz, was not actually undertaken until after 1900.¹² In 1901

⁹American and Foreign Capital Invested in Mexico, March 14, 1914, National Archives, Washington, Records of the Department of State, Decimal File No. 812.502/19. These records are hereinafter cited as NA, followed by the appropriate file number.

¹⁰The investment in railroads was \$644,390,000; that in mining, \$249,500,000. See above, footnote 9.

¹¹The petroleum industry in Mexico was tied with the rubber industry for fifth place among American investments, each having a total of fifteen million dollars. See above, footnote 9.

¹²For a history of its early development see Robert G. Cleland (ed.), The Mexican Year Book: The Standard Authority on Mexico, 1920-21 (Los Angeles: Mexican Year Book Publishing Co., 1922), pp. 290-320.

the Díaz government offered special inducements for petroleum exploration and exploitation such as exempting petroleum and petroleum products from the export taxes and permitting machinery for wells and refineries and certain other materials to be imported tax-free. Except for a minimal stamp tax, all capital invested and output in the petroleum industry were exempted from federal taxes for a period of ten years.¹³ As in the case of some other areas of investment in Mexico, the potential and future value of petroleum was not fully known at the time. Even though petroleum production from Mexican wells did at least double in output every year after 1900,¹⁴ the real

¹³Jack R. Powell, The Mexican Petroleum Industry, 1938-1950 (Berkeley: University of California Press, 1956), p. 8.

¹⁴See the statistics of crude oil production in the Mexican oil fields from 1901-1920 in the Report of the Technical Petroleum Commission, 1921, Ministry of Industry, Commerce and Labor, Archivo General de la Nacion, File No. 104-P1-P-22. The documents in this set of Mexican archives are hereinafter cited as AGN, followed by the appropriate file number. Unlike the great majority of documents of the State Department in the National Archives which have an individual file number, the Mexican documents are filed in folders according to subject matter. This will account for more than one document having an identical file number. All documents will be referred to in an English translation.

The statistics for crude oil production were as follows:

<u>Year</u>	<u>Barrels</u>	<u>Year</u>	<u>Barrels</u>	<u>Year</u>	<u>Barrels</u>
1901	10,345	1907	1,005,000	1914	26,235,403
1902	40,200	1908	3,932,900	1915	32,910,508
1903	75,375	1909	2,713,500	1916	40,545,712
1904	125,625	1910	3,634,080	1917	55,292,770
1905	251,250	1911	12,552,798	1918	63,828,326
1906	502,500	1912	16,558,215	1919	87,072,954
		1913	25,696,291	1920	163,540,000

impetus for petroleum production began with its intensive use as fuel oil during World War I for military, naval and commercial purposes. Mexico then became known as a vast storehouse of low gravity crude mixtures from which refined oil could easily be derived.

In a rapid program to develop Mexico economically, Porfirio Díaz had offered advantageous concessions and favorable legislation as inducements for foreign capital.¹⁵ Petroleum exploration and exploitation were only one of the many areas of opportunities. Extensive tracts of privately owned land in Mexico were purchased or leased by foreign capital at a nominal cost. Considerable sums of money were invested in the technological development of the petroleum industry. The overall wording of the legislation in existence--the decree of 1884 and the laws of 1892 and 1909--left little doubt that the acquisition of the surface land gave to the owner the exclusive and complete right to the subsoil deposits of petroleum and

¹⁵For a background of Díaz' policies and the role of American investment in Mexico, see David Pletcher, Rails, Mines, and Progress: Seven American Promoters in Mexico, 1867-1911 (Ithaca, N.Y.: Cornell University Press, 1958), pp. 2-32.

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minerals for his own use and enjoyment.¹⁶ The only apparent restrictions reserved by the Mexican government were the exercise of law enforcement and the power to tax, though the only tax at the time was a stamp tax. Those engaged in the exploration and the exploitation of petroleum could therefore very well believe that they had acquired a legal title to their property substantially similar to that of "fee simple"¹⁷ in the United States.

¹⁶For a survey of the subsoil controversy as it is related to the Spanish Crown and to the legislation of the Diaz regime, consult Charles P. Howland (ed.), Survey of American Foreign Relations (New Haven: Yale University Press, 1931), IV, 128-134, and Frederick S. Dunn, The Diplomatic Protection of Americans in Mexico (New York: Columbia University Press, 1933), pp. 332-336. The position of the American oil companies in Mexico is summarized in Guy Stevens, Current Controversies with Mexico: Addresses and Writings (n.p., 1926-1928), pp. 358-371.

The Mexican government defended its position in numerous volumes, among them José Vásquez Schiáffino et al., Informes Sobre la Cuestión Petrolera (Mexico: Imprenta de la Cámara de Diputados, 1919), pp. 17-18, and in Secretaría de Industria, Comercio y Trabajo, Documentos Relacionados con la Legislación Petrolera Mexicana (Mexico: Talleres Gráficos de la Nación, 1919), pp. 12-16, 21-29, 40-43. J. P. Chamberlain provided a balanced interpretation of the position of the Mexican government in "The Mexican Oil Situation," Nation, January 11, 1919, pp. 66-69.

¹⁷Under the Anglo-Saxon legal system, ownership of land gave to the owner unrestricted rights to its usage and disposition. In distinguishing between the pre-Diaz mining legislation and the current practice in 1906, U.S. Consul J. A. LeRoy of Durango, Mexico, concluded that titles to the surface of the land (including the subsoil) were in effect "fee simple." U.S., Bureau of Foreign and Domestic Commerce, Monthly Consular and Trade Reports, No. 309 (June, 1906), 60-61.

However, there were some U.S. state and Supreme Court decisions in the early twentieth century which did restrict petroleum exploitation in the United States.

Article 27 of the Constitution of 1917 not only altered the legal position of the American investors but moreover challenged the entire legality of the Díaz legislation. In its compliance with the provisions of Article 27, the Venustiano Carranza government encountered the opposition of foreign interests in Mexico as well as the strong disapproval of their respective governments.

American investors and property owners in Mexico, particularly the American oil companies, continually notified the State Department of the proposed plans or action taken by the Mexican government. Following customary practice, the State Department used its diplomatic channels (as it had been doing since 1910) to relay official and stern protests to the Mexican Foreign Office. Theoretically the practice of interposition, or diplomatic representation through the official channels of a state on behalf of its citizens and their property interests abroad, was recognized as a fundamental right or duty under international law.¹⁸ Following the accepted principles and practices of international law meant, in essence, the laws of the international community as interpreted, or determined, by the major powers. Political prestige, economic wealth, and military strength, coupled with the interplay of power politics and national interests, determined the

¹⁸Dunn, Diplomatic Protection, pp. 1-8.

application or non-observance of international law. Whether wittingly or unwittingly in pursuing its customary practice of diplomatic representation, the United States under both the Wilson and the Harding administrations interpreted international law according to an American point of view. Mexico possessed the identical right or duty under international law but lacked power as compared to the United States.¹⁹ Consequently Mexico appeared to be in a defensive position in its diplomatic protests and official notes to the United States.

The State Department had already been protesting certain decrees of the Carranza government issued in 1915 and in 1916.²⁰ Two weeks prior to the promulgation on

¹⁹The Mexican government on more than one occasion pointed to an American interpretation of international law which placed American citizens in a more privileged and favored position than that of Mexican citizens within their own country. In one instance the Mexican government mentioned the equality of nations under international law which was "frequently forgotten by strong governments in their relations with weak countries." Under Secretary of State for Foreign Affairs E. Garza Pérez to U.S. Ambassador to Mexico, Henry P. Fletcher, August 17, 1918, transmitted to Secretary of State Robert Lansing, August 21, 1918, in Papers Relating to the Foreign Relations of the United States (Washington: Government Printing Office, 1918), pp. 768-770. These papers are hereinafter cited as For. Rels., with the appropriate year and page numbers.

²⁰These decrees became the antecedents of some of the legislation in the Constitution of 1917. See the decrees of January 7 and 29, 1915, in For. Rels., 1915, 872-873; 877-878; the decree of August 15, 1916, For. Rels., 1916, 774-775.

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February 5th of the Constitution of 1917, Secretary of State Robert Lansing dispatched a strongly worded note to the Mexican Foreign Office commenting on certain provisions of the proposed Constitution which affected American as well as other foreign property rights in Mexico. He challenged what he termed the arbitrary and unlimited power granted to the federal government of Mexico in implementing particular articles.²¹ Fearing the intent of nationalization explicit in Article 27, Lansing emphasized that the United States could neither admit nor acquiesce in "any direct or indirect confiscation of foreign-owned properties in Mexico."²² Once the Constitution became effective on May 1st, Lansing's earlier note was altered to specify "American-owned properties" rather than "foreign-owned properties," and was expanded to advise the Mexican government against any discrimination to American citizens "with reference to their legally

²¹Lansing to the U.S. diplomatic representative in Mexico Charles B. Parker, January 22, 1917, For. Rels., 1917, 947-949.

²²The phrase "foreign-owned properties" would continue to be used as a general principle, including citizens of various countries who had acquired property in Mexico. On occasion the State Department made diplomatic representations on behalf of the nationals of other countries.

acquired rights and interests in Mexico" (prior to the Constitution).²³

In reply the Carranza government presented the arguments and the precedents for Article 27, especially as they pertained to petroleum. Pastor Rouaix, the Mexican Minister of Agriculture and the member who initiated Article 27 in the constituent constitution, maintained that from the time of the promulgation of the Constitution the legal ownership of petroleum and other subsoil mineral deposits, including the hydrocarbons, was returned

²³Lansing to U.S. Ambassador in Mexico Henry P. Fletcher, June 6, 1917, For. Rels., 1917, 1067-1968. The reactions and the interpretations by American attorneys and scholars on the meaning of the Constitution varied, especially on Article 27. Lawyers generally stressed its so-called "radical" nature, such as William H. Burges, A Hot-House Constitution: The Mexican Constitution of 1917 (n.p., 1917); R. B. Gaither, "The Mexican Constitution of 1917 - Confiscatory Phases," American Law Review, IV, No. 5 (July-August, 1921), 481-502; and Ira J. Williams, "Confiscations of Private Property of Foreigners Under Color of a Changed Constitution," American Bar Association Journal, V, No. 1 (January, 1919), 152-162. Scholars were critical yet sympathetic to the aims of the Constitution. See J. P. Chamberlain, "Property Rights Under the New Mexican Constitution," Political Science Quarterly, XXXII, No. 3 (September, 1917), 369-390; N. Andrew N. Clevon, "Some Social Aspects of the Mexican Constitution of 1917," Hispanic American Historical Review, IV, No. 3 (August, 1921), 474-485; and Joseph Wheless, "The Mexican Revolution in Word and Deed," American Bar Association Journal, IV, No. 4 (October, 1918), 681-698; Wheless, "Foreign Legislation, Jurisprudence and Bibliography - Mexico," Ibid., III, No. 2 (April, 1917), 205-221, and V, No. 2 (April, 1919), 234-262.

to its original possession in the Nation.²⁴ This ownership had been based upon the inherent rights of the Spanish Crown which were in turn transmitted to the Mexican Nation as the successor of the Crown after 1821.²⁵ The Spanish Crown originally had invested itself with the rights of ownership to the subsoil mineral deposits in the New World (dominium directum). Without ever surrendering those rights the Crown granted to its vassals for their usage (dominium utile) the right of the exploitation of the subsoil deposits.²⁶ Article 27, according to Rouaix, could in no way be retroactive since it merely restored to the Nation the fundamental property rights which the Díaz government in the late nineteenth century had ceded to private individuals or to private companies through constitutional amendment and legislation. Article 27 then

²⁴Statement of Pastor Rouaix forwarded by Ambassador Fletcher to the Secretary of State (hereinafter cited as State), March 17, 1918, For. Rels., 1918, 705-711.

²⁵The Mexican government considered that the rights of the Spanish Crown were legally transferred to and vested in the Mexican Nation by the Treaty of Peace and Amity signed between Spain and Mexico in 1836. See The True Facts About the Expropriation of the Oil Companies' Properties in Mexico (Mexico City: Government of Mexico, 1940), pp. 22-23.

²⁶Though this theory had been expressed earlier, the mining ordinances for the Viceroyalty of New Spain (which included Mexico) issued in 1783 by Charles III became the principal source for the mining laws of Mexico until 1884. Refer to Howland, op. cit., p. 128; The True Facts About the Expropriation. . ., pp. 22-23.

reasserted what the Mexican Nation had always possessed. No confiscation of property was involved, Rouaix added, because the Mexican Nation had not demanded an indemnity for the benefits accrued under the Díaz legislation.

Beginning in 1918 the Carranza government, acting in the name of the Mexican Nation, began to enforce in part the provisions of Article 27.²⁷ The civil war in Mexico had not yet been settled, and the Carranza government was in need of a source of revenue for its treasury. The only consistent and rapidly increasing source of wealth in Mexico was petroleum production. Under extraordinary powers granted him by the Mexican Congress in the area of finance, Carranza began to issue in February, 1918, and continuing throughout 1919, a series of tax decrees on petroleum-bearing lands and on petroleum production.²⁸

²⁷ A group of Mexican lawyers and intellectuals claimed that the Constitution of 1917 was both radical in nature and unconstitutional in practice, that the constituent convention which drew up the document represented only the areas in which Carranza held control, and that the Constitution had been imposed upon the Mexican people by the Carranza government. The arguments of this group in addition to the continuing civil war in Mexico showed that the Constitution and its provisions had not yet been completely accepted throughout Mexico. See Essay On The Reconstruction of Mexico, trans. H. N. Branch (n.p., 1920).

²⁸ Some earlier meager efforts at taxation had been attempted by former President Francisco I. Madero, and also by Carranza before 1917. For the February 19, 1918, decree, see Fletcher to State, March 1, 1918, For. Rels., 1918, 702-704. The other tax decrees may be found in For. Rels., 1918 and 1919, passim.

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These taxes served a double purpose: to obtain revenue and to reassert the sovereignty of the Mexican Nation over the subsoil mineral deposits.²⁹

For purposes of the tax assessment, petroleum-bearing lands were required to be registered with the federal government. The Carranza government had already considered the taxes to be decreed as a rental or royalty upon property belonging to the Nation. Moreover, since the provisions of Article 27 had stated that the subsoil mineral deposits were the property of the Nation, whatever existing titles held by foreigners to such property upon which exploration or exploitation for the subsoil wealth was being, or would be undertaken, were in effect invalid. A procedure was devised for the denouncement of this property; that is, the securing of a permit from the Mexican government to explore and to exploit the subsoil deposits. Owners of petroleum-bearing lands who were under the impression that they possessed a private and a legal title had now merely a preferential right or concession to this property. To prove its determination to enforce its policy, the Carranza government enacted penalties for non-

²⁹Secretaría de Industria, Comercio y Trabajo, Legislación Petrolera. Leyes, Decretos y Disposiciones Administrativas Referentes a la Industria Petrolera, 1783-1921 (Mexico: Talleres Gráficos de la Nación, 1922), pp. 17-154, as cited in Wendell C. Gordon, The Expropriation of Foreign-Owned Property in Mexico (Washington, D.C.: American Council on Public Affairs, 1941), pp. 61-62.

compliance within the time limits established for the registration and the denouncement of property. Special taxes might be assessed, drilling might be suspended and the oil wells closed by federal troops, and the permits (or denouncements) on property considered legally acquired might then be granted to any individual who would comply with the Mexican laws.

Resisting such attempts to force their submission, the American oil companies in Mexico protested vigorously against the assessed taxes as being exorbitant and refused to complete the registration and the denouncement of their properties. The oil companies expressed concern since practically all known petroleum-bearing land was privately owned or leased. Any implementation of Article 27 in whatever form directly affected that private ownership. Of greater importance to the oil companies than the amount of the taxes themselves was the general policy that, if they complied with the request of the Mexican government, they were admitting the ownership of the subsoil deposits by the Mexican government and thereby obligated themselves to abide by the provisions of whatever petroleum legislation might be enacted in the future. Failing to obtain any redress in conferences with the Carranza government,³⁰

³⁰ A joint committee of American petroleum producers in Mexico held a conference with the Mexican government during May and June, 1918. See Fletcher to State, June 12, 1918, For. Rels., 1918, 724-732.

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the petroleum producers appealed to the State Department for diplomatic representation on their behalf. They pointed to their enormous investment and possessions obtained under the mining laws in existence prior to 1910, and to the necessity of maintaining an adequate oil supply for the Allied Powers with the war in Europe. Though less optimistic about results, they also sought legal redress by filing in the Mexican courts over one hundred fifty requests for writs of amparo³¹ against the application of the 1918 decrees. Lastly, they created a propaganda organization to present their position.

On the diplomatic level the State Department and the Mexican Foreign Office exchanged numerous communiqués

³¹The writ of amparo existed for the redress of injuries to individual rights which were infringed upon by any branch of the Mexican government. It provided for a constitutional interpretation by the federal courts of Mexico to uphold the Constitution and to prevent any infringement on the part of the Mexican government. Theoretically it was a constitutional check against the abuse of power. Refer to Benito Flores, "The Writ of Amparo Under Mexican Law," American Bar Association Journal, VII (August, 1921), 388-392. See also "Judicial Precedent in Mexican Law," Michigan Law Review, XXV, No. 1 (November, 1926), 63-64; the statements by the Mexican jurist and professor of law, Manuel Gual Vidal, on Mexican amparo proceedings in John T. Vance and Helen L. Clagett, A Guide to the Law and Legal Literature of Mexico (Washington, D.C.: The Library of Congress, 1945), pp. 172-181.

The results of this maneuver by the petroleum companies were a failure since the lower courts ruled against the companies, and the Supreme Court did not handle any amparo cases until 1921.

on the tax decrees of 1918 and 1919.³² Without essentially solving the difficulties between the two countries, these formal notes merely reiterated their respective positions. The State Department maintained that the provisions of the tax decrees of 1918, particularly the procedure of denouncement, arbitrarily rescinded titles to property legally acquired in Mexico in good faith under the legislation existing prior to the promulgation of the Constitution of 1917.³³

Carranza replied that he was carrying out his function as the executive of the Mexican Nation in enforcing the precepts established in the Constitution. He acknowledged that his tax decrees were to be only temporary measures.³⁴ The Mexican Congress alone, he stressed, possessed the actual power to enact legislation concerning the implementation or the regulation of the precepts

³²According to the Mexican interpretation of international law the United States should have waited until local legal remedies (for example, court action) had been exhausted or proven inadequate before making diplomatic representations. Under Secretary of State for Foreign Affairs E. Garza Pérez to Fletcher, August 17, 1918, For. Rels., 1918, 768-770.

³³Lansing to Fletcher, March 19, April 4, 1918, For. Rels., 1918, 705-707; 715-716.

³⁴Garza Pérez to Fletcher, For. Rels., 1918, 769.

of the Constitution on subsoil ownership.³⁵ Though Carranza assured that such legislation when it occurred would respect the existing property rights of foreigners in Mexico,³⁶ in the meantime the Mexican government could merely provide for the equal treatment of both foreigners and Mexican citizens under the decrees issued in 1918.³⁷ Carranza reaffirmed that his government had no intention of confiscating any petroleum-bearing lands in the process of exploitation. Realizing the importance of a continuing flow of petroleum for revenue and for domestic employment, Carranza followed a cautious policy. In several subsequent decrees Carranza modified the provisions, not the principle, of the February 19, 1918, decree by extending the time limits for denouncements and by issuing temporary drilling permits.

³⁵ Carranza himself had submitted a proposed organic petroleum law embodying several of his decrees of 1918 to the Mexican Congress on November 23, 1918. The law was approved by the Senate but did not pass the Chamber of Deputies. For a translation of this proposed measure, see Fletcher to State, December 3, 1918, For. Rels., 1918, 772-783.

³⁶ The Carranza government referred to Article 14 of the Constitution of 1917 which provided that "no law shall be given retroactive effect to the detriment of any person whatsoever." In an interesting evaluation J. P. Chamberlain pointed out that the intention of the drafters of the Constitution was for Article 14 to be used as a safeguard against retroactive legislation subsequently passed, and not to be applied to limit Article 27 of the Constitution as had often been erroneously thought. See "The Mexican Oil Situation," Nation, January 11, 1919, p. 67.

³⁷ Fletcher to State, February 20, 1917; August 2, 1917, For. Rels., 1917, 1044; 1072.

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Finding no modification in substance, the State Department reiterated its position on the tendency towards confiscation contained in these decrees. The element of suspicion over the changes of policy and the intentions of the Mexican government since 1917 had become only too pronounced within the State Department.

II

The focus on the war in Europe had temporarily turned the attention of Americans from the earlier problems with Mexico. Murders, robberies, and kidnappings in Mexico did not receive widespread attention in the American press during 1917 and 1918. With the armistice ending the war in November, 1918, and with the creation of the Association of Producers of Petroleum in Mexico in late 1918 as a propaganda organization for the leading American oil companies in Mexico, Mexico began to receive greater notice in the press. The following January an outgrowth of the association of oil companies--the National Association for the Protection of American Rights in Mexico--was formed for the ostensible purpose of advancing as a general principle the protection of American property rights in Mexico.³⁸

³⁸New York Times, January 18, 1919, p. 13. See the New York Times, January 30, 1919, p. 15, for a partial listing of the members of this organization. Among those represented were the principal petroleum companies in Mexico, a number of mining and smelting companies, several

Both organizations were primarily operated as lobbying groups for the petroleum interests, who held a monopoly on the propaganda as evidenced from the vast number of pamphlets, speeches, addresses, a semimonthly bulletin and numerous memoranda.³⁹ Emotional tracts about conditions in the Mexican oil fields, on murders, robberies, and confiscation of property provided a repetitious theme.⁴⁰

Within Mexico by early 1919 Carranza had not successfully pacified the country from the chaotic conditions of the civil war. Though he represented the national government of Mexico in the office of President, Carranza's authority was never fully recognized throughout the country and he held power only in the areas under the control of the federal forces. He was criticized for the non-fulfillment of many of his promises since he launched his revolution against Huerta in 1913. The continuous

agricultural and a few land and cattle groups, and a considerable number of bankers and security holders.

³⁹A good sample of this type of material may be found in the Library of Congress and in the National Archives (Decimal File Group 812.6363/). A number of letters and memoranda sent to Ambassador Henry P. Fletcher and to Woodrow Wilson may be found in the Library of Congress Manuscripts Division, Washington, D.C. (hereinafter cited as LC), Fletcher Papers and Wilson Papers.

⁴⁰For example, Thomas E. Gibbon, Mexico Under Carranza: A Lawyer's Indictment of the Crowning Infamy of Four Hundred Years of Misrule (Garden City, New York: Doubleday, Page & Company, 1919).

civil war, banditry, graft and corruption which plagued the countryside were likewise blamed on Carranza, though he was not always personally responsible.

Throughout most of 1919 the charges against Carranza were particularly fostered by an opposition group of Mexican generals. In their desire to obtain power and wealth they were willing to use any platitudes pleasing to the United States and especially to American interests in Mexico. They would reestablish stable government in Mexico (as in the Díaz era), protect American lives and property, and replace the so-called "radical" Constitution of 1917 with its predecessor of 1857. All they requested to assist them in the overthrow of Carranza was a recognition of belligerency from the United States and the lifting of the arms embargo imposed on Mexico since July, 1919.⁴¹

By the summer and fall of 1919 greater emphasis was being given in the U.S. press and periodicals to worsening conditions in Mexico and to a definitely hostile attitude toward Carranza. Carranza had recently been disliked during the world war because, even though his government had remained neutral, it had been suspected of a pro-German sympathy and of harboring representatives of

⁴¹See the letter of a representative of General Felix Díaz to Woodrow Wilson, March 4, 1919, containing over three thousand purported signatures of Mexican citizens within the United States in support of Díaz, NA, 812.00/22599. Refer also to the Independent, August 9, 1919, pp. 171-174.

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the anarchist Industrial Workers of the World. With the relief of the war ended in Europe, Americans became more conscious of murders, assaults, robberies and kidnappings--all of which some American citizens were victims--which were continuously being reported in the press. The New York Times printed a chronological list of bandit outrages (115 raids) committed against American citizens in the oil fields of the Mexican state of Tampico since August 15, 1917.⁴² The raids of Pancho Villa into American territory brought forth further criticism of the Carranza government for its inability to restore law and order in Mexico and for the alleged inability of Mexicans to respect any type of government. Rumors were again revived of the "San Diego Plot" whereby Mexico was to seize the states of the American Southwest and to turn them over to the Negroes, the Japanese and the Mexicans.⁴³ In all, there appeared to be increasing agitation in the American press and periodicals for a change of policy from Woodrow Wilson's

⁴²New York Times, March 3, 1919, p. 10.

⁴³Ibid., June 10, 1919, p. 15; January 23, 1920, p. 1.

"Watchful Waiting" to some type of action.⁴⁴ While there was diverse opinion over the exact type of action desired, the alternatives seemed to have been narrowed down to a form of external pressure as intervention by a punitive expedition (similar to that in 1916) and the establishment of a protectorate over Mexico.

Congress too in part began to reflect this sentiment, especially by the senators and representatives from the states bordering on Mexico.⁴⁵ Chambers of Commerce, scholarly organizations and civic groups soon found Mexico to be among one of the popular subjects of serious, if not emotional, discussion.

⁴⁴Consult the excerpts from comments in the press found in the Literary Digest, June 28, 1919, pp. 13-14; August 9, 1919, pp. 14-16; August 30, 1919, pp. 18-19. See also the Outlook, July 30, 1919, p. 493; December 10, 1919, pp. 451-452; December 24, 1919, pp. 534-535; Sunset, the Pacific Monthly, September, 1919, p. 11; the Independent, August 2, 1919, pp. 141-144; Forum, October-November, 1919, pp. 385-499; World's Work, October, 1919, pp. 572-574; Current Opinion, January, 1920, pp. 13-17; the Washington Post, June 18, 1919, p. 6.

The New York Times carried several full-page spreads of anti-Carranza opinion written by Wallace Thompson, a journalist and former vice-consul at Monterrey, Mexico; July 6, 1919, IV, p. 1; August 3, 1919, IV, p. 7. See also the editorial opinion of the New York Times which stressed the obligation of the United States to protect its citizens and their property rights abroad; July 3, 1919, p. 12; July 11, 1919, p. 10; August 16, p. 6; August 22, p. 10.

A strongly anti-Wilson polemic was written by the former U.S. Consul General in Mexico, George Agnew Chamberlain, who resigned his post in protest in August, 1919. See his tract Is Mexico Worth Saving (Indianapolis: The Bobbs-Merrill Co., 1920), and his articles in Collier's, The National Weekly, January 17, 1920, p. 15; March 6, p. 13; March 27, p. 12.

⁴⁵They were joined by Congressmen from Indiana, Ohio, Tennessee, and New York. Consult J. Fred Rippey's summation of the sentiment in Congress by 1919 in his The United States and Mexico, pp. 353-354.

The heated discussion over intervention in Mexico did not go by unchallenged. The Carranza government attempted, of course, to justify its position by the publication of numerous official pamphlets explaining Mexican laws, circulars, decrees and regulations--particularly on petroleum.⁴⁶ In addition Carranza maintained an Information Bureau and a Financial Agency in New York City, subsidized a monthly propaganda magazine in the United States (The Mexican Review), had articles published in several U.S. newspapers and magazines, distributed motion pictures films of Mexico, and sponsored official tours into Mexico for American chambers of commerce.

In the United States a group composed of scholars, students, editors and journalists interested in the study of international relations had organized the League of Free Nations Association in 1918, later to become the Foreign Policy Association in 1921.⁴⁷ One of the committees within this organization, the Mexican committee, became actively engaged in propaganda supporting the Carranza government. Of the two main protagonists of the Mexican committee, Samuel Guy Inman was the most volum-

⁴⁶Most of these pamphlets are available in the Library of Congress and in the National Archives (Decimal File Group 812.6363/).

⁴⁷Membership of this organization may be found in the New York Times, September 11, 1919, p. 1.

inous author of anti-interventionist tracts on Mexico.⁴⁸ In addition to his numerous articles in liberal and religious magazines, his monograph Intervention in Mexico⁴⁹ presented the Mexican Revolution as a social revolution and praised the work of reconstruction undertaken by Carranza. Less restrained in tone was Leander Jan de Bekker's The Plot Against Mexico.⁵⁰ De Bekker made an undocumented exposé of the American oil interests in Mexico subsidizing rebellion within the oil fields of Mexico and urging military intervention by the United States.

Seizing upon de Bekker's theme of a "plot against Mexico,"⁵¹ liberal magazines as the Nation and the New

⁴⁸Inman, a one-time lecturer on Latin America at Columbia University, was the director of the Mexican Committee, a field representative for the Board of Foreign Missions of thirty Protestant Churches in the United States, and an executive secretary of the Committee on Cooperation in Latin America which sponsored the missionary work of the Protestant Churches in Latin America.

⁴⁹Samuel G. Inman, Intervention in Mexico (New York: George H. Doran Company, 1919).

⁵⁰Leander Jan de Bekker, The Plot Against Mexico (New York: Alfred A. Knopf, 1919). His articles in the Nation deal with the same theme; July 12, 1919, pp. 36-37; July 26, pp. 106-107; August 9, pp. 164-166. In addition to being a member of the Mexican Committee, de Bekker was the publicity agent for the League of Free Nations Association.

⁵¹Two other journalists wrote pamphlets in this vein. See John Kenneth Turner, Hands Off Mexico (New York: Rand School of Social Science, 1920), and Arthur Thomson, The Conspiracy Against Mexico (Oakland, Calif.: International Press, 1919).

Republic editorialized against American intervention in Mexico. In their opinion the cost in money and lives, the loss of prestige for the United States in Latin America, and the difficulties of maintaining a protectorate based upon previous American experience in the Caribbean, were scarcely considered worth the distorted and well financed anti-Carranza propaganda of "big business" and oil magnates.⁵²

Several American Protestant Churches with missions in Mexico,⁵³ especially the Methodist Episcopal Church, the Presbyterian Church and the Society of Friends (Quakers), gradually began to support Carranza. In numerous letters to U.S. Ambassador Henry P. Fletcher and to President Wilson⁵⁴ these churches argued that their missionary work, unhampered so far by the Revolution, would be seriously

⁵²See editorials and articles in the Nation, April 12, 1919, pp. 538-539; August 23, p. 234; November 29, pp. 680-682; December 6, p. 708; February 21, 1920, pp. 228-229. An editorial in the New Republic referred to the profits of "Doheny, Hearst, Fall and Co."; September 17, 1919, pp. 64-66. Refer to articles in the liberal journal The Public, August 2, 1919, p. 817; September 20, pp. 1016-1017; December 6, pp. 1129-1130. See also the non-interventionist plea in the Overland Monthly, March, 1920, p. 260.

⁵³According to Harlan P. Beach and Charles H. Fahs (ed.), World Missionary Atlas (New York: Institute of Social and Religious Research, 1925), p. 91, there were twenty-one Protestant Missionary Societies in Mexico by 1922.

⁵⁴LC, Fletcher Papers (Gen. Correspondence, 7) and Wilson Papers (Division II).

hindered by intervention, the need for which was merely the result of propaganda issued by the oil companies.⁵⁵ They urged a peaceful solution to the Mexican problem by turning American attention to the necessity of increased education among the Mexican public, a more vitalized religion in the country, and an emphasis on health and sanitation--all this while allowing Mexico to work out her own salvation.

Such a solution was also advocated by one of the conferences on international relations sponsored by Clark University in May, 1920, on Mexico and the Caribbean. The majority of the delegates at this symposium of scholars, representatives of the diplomatic service of both the United States and Mexico, and business men from both countries, opposed military intervention in Mexico.⁵⁶ Likewise concerned was Samuel Gompers, President of the American Federation of Labor. The American Federation of Labor had been very influential in molding the Mexican

⁵⁵On the other hand, protests to the State Department from officials of the Catholic Church dealt with the redress of injuries and damages to members of the clergy and to church property arising from the revolutionary program.

⁵⁶See George W. Blakeslee, Mexico and the Caribbean (New York: G. E. Stechert and Company, 1920).

labor movement along the model of the American labor movement.⁵⁷ Gompers feared that intervention in Mexico would undermine the work accomplished thus far and endanger the recently organized (1918) Pan American Federation of Labor, a proposed federation of all labor organizations in the Western Hemisphere.⁵⁸

Simultaneously with the discussion on the possibility of intervention in Mexico was a congressional investigation in 1919 on the entire Mexican problem. By Senate Resolution 106 a subcommittee of the Senate Foreign Relations Committee was organized on August 8th to investigate the threats and destruction to life and property of American citizens in Mexico since the Mexican Revolution began. Senator Albert B. Fall, a Republican from the border state of New Mexico, was appointed Chairman.⁵⁹ The other two

⁵⁷ See the articles by Chester M. Wright in the Weekly Review, November 10, 1920, pp. 441-443; American Federationist, June, 1920, n.p. Refer to the Report of Proceedings of the Fortieth Annual Convention of the American Federation of Labor (n.p., 1920), pp. 125-126.

⁵⁸ For the interesting and rather unusual role of the Pan American Federation of Labor during World War I and its connection with the Wilson administration, consult Sinclair Snow, The Pan American Federation of Labor (Durham, N. Carolina: Duke University Press, 1964), Chapter I.

⁵⁹ Fall's early mining experience and investments in Mexico made him well acquainted with the Mexican legal system under the Díaz regime. See David H. Stratton, "New Mexican Machiavellian? The Story of Albert B. Fall," Montana: the Magazine of Western History, VII, No. 4 (October, 1957), 2-14. Fall's demand for military intervention in Mexico in 1916 is covered in J. Fred Rippy,

members of the subcommittee who acted in unison with Fall throughout the investigation were Frank B. Brandegee (R, Conn) and Marcus Smith (D, Ariz). The result of the ten month investigation was a two volume work consisting of nearly 3400 pages of testimony from about 250 witnesses, a set of prepared statements and documents, and appendices of statistics on hearings conducted from Washington, D.C., to the states of Texas, Arizona, and California.⁶⁰ Nearly every important individual or organization currently defending or attacking proposed intervention in Mexico was subject to the testimony.

Fall's partisan handling of the witnesses and his tactics as a cross-examiner revealed an overtly emotional appeal to the American public. Upon closer examination a considerable portion of the testimony of the witnesses was based on heresay and dubious information, which not merely lessened the reliability of the investigation but proved it to be a sham. The most caustic critic of the Fall subcommittee hearings, the New York Times, had become skeptical of its real intentions from the beginning

op. cit., pp. 348-350. See also Burt Noggle, Teapot Dome: Oil and Politics in the 1920's (Baton Rouge: Louisiana State University Press, 1962), pp. 8-12, for additional data on Fall's early life until he was appointed Secretary of Interior in 1921.

⁶⁰U.S., Congress, Senate, Investigation of Mexican Affairs, 66th Cong., 2nd Sess., Sen. Doc. 285, 2 vols., 1920.

of the investigation. Later editorials declared Fall an interventionist, and Smith and Brandegee as bitter political opponents of Woodrow Wilson--implying that there could scarcely be an "impartial investigation" with such personnel.⁶¹ Moreover, continued the New York Times, since Fall had not produced evidence for his "sensational charges," it appeared that he was deliberately attempting to create a rupture in diplomatic relations with Mexico.

To the unsuspecting, the evidence--based on the testimony of the witnesses and on the statistics employed--appeared to indict the Carranza government more than any other government since 1910 for the responsibility of injuries and damages to the lives and property of American citizens. The overall picture of the investigation left the unavoidable impression that conditions in Mexico steadily worsened after Carranza assumed leadership of the Mexican Revolution in 1913. The consensus of witnesses also seemed to agree that conditions under the Porfirio Díaz government (1876-1911) were much less strenuous and more accommodating for Americans--another undisputable point if it was understood that Mexico was then governed by a strong dictator and was not in a decade of revolution.

⁶¹New York Times, August 12, 1919, p. 8; September 9, p. 16; December 5, p. 14; January 13, 1920, p. 12.

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The crux of the Fall subcommittee investigation, and perhaps a final convincing argument for those who had not yet become discouraged or disillusioned after reading over three thousand pages of testimony to this point, was the appendix. To a statistically minded public brought up on the stock market, the appendix of the investigation presented what appeared to be some sobering figures. From the time of the resignation of Porfirio Díaz on May 25, 1911, through May 20, 1920, the appendix listed 785 American citizens or soldiers killed, wounded or abused in Mexico and on the U.S.-Mexican border, and a total amount of damages during this decade estimated at the staggering sum of \$505,002,434.00.⁶² Yet when the State Department submitted its records to the U.S. Senate on the damages to American lives and property in Mexico, the statistics differed sharply. During the approximately identical period of time (from Díaz' resignation in 1911 through the end of July, 1919), the State Department had official record of only 217 American citizens killed in Mexico,⁶³ and a total sum claimed in damages (property,

⁶²Senate, Investigation of Mexican Affairs, II, 3382, 3399.

⁶³This figure compared with the estimate of American citizens living or residing in Mexico prior to 1911 and up to 1920 shows an interesting contrast. The testimony of the investigation estimated the actual resident population of Americans in Mexico in 1911 to have been about sixty thousand. The members of the subcommittee favored the estimates of seventy-five thousand suggested by former Ambassador to Mexico Henry Lane Wilson. In 1920 the subcommittee estimated the number of Americans residing in Mexico at about twelve thousand. See Senate,

death and personal injuries) against the Mexican government and filed with the Department since 1911 which amounted to merely \$26,629,597.61.⁶⁴ The State Department was the official agency through which claims against a foreign government were to be registered. Either few Americans had bothered to register a claim, or most likely, Fall's statistics were grossly exaggerated.

The desired conclusion which was intended to be derived from the subcommittee's investigation was that the national honor of the United States was sufficiently at stake to force Mexico to respect and to fulfill its international obligations to protect American lives and property.⁶⁵ What those international obligations should be

op. cit., II, 3311, 3313.

Whether one accepts the subcommittee's report of 785 American citizens killed or wounded during a ten year period or the State Department's record of 217 American citizens for the same period, either figure is relatively minor compared to the size of the American population living in Mexico within that same decade.

⁶⁴U.S., Congress, Senate, Claims Against Mexico, 66th Cong., 1st Sess., Senate Doc. 67, August 1, 1919, pp. 2-3.

⁶⁵The Republicans could utilize this investigation in the 1920 presidential campaign. See Cline, op. cit., pp. 190-191. Charles C. Cumberland has pointed out that Fall's oil interests in Mexico were threatened, so he used his position as Chairman of this subcommittee to develop a case for his own cause. See Cumberland, The United States-Mexican Border: A Selective Guide to the Literature of the Region [Supplement to Rural Sociology, XXV, No. 2 (June, 1960)], p. 22.

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and what U.S. policy toward Mexico should consist of, were outlined in the subcommittee's final report submitted on May 28, 1920.⁶⁶ Prior to the election of the next Mexican president,⁶⁷ the subcommittee recommended that the current government disregard the provisions relating to private property of Article 27 of the Constitution of 1917, that it restore the religious freedom restricted by Articles 3 and 130 of the Constitution, that the Mexican government actively undertake to protect the lives and property of foreigners, that a claims commission be set up to determine claims for damages and indemnities to be awarded, and that "responsible leaders" be selected (implying Carranza's successor or successors). If any Mexican government agreed to these terms (which suggested a return to a prerevolutionary Mexico), the terms should be written down in the form of a protocol⁶⁸ to avoid later misunderstandings. Upon such action the subcommittee would suggest

⁶⁶Senate, Investigation of Mexican Affairs, II, 3368-3373; Albert B. Fall to Lansing, October 8, 1920, NA, 812.00/24680.

⁶⁷The Carranza government by this time had been overthrown by a successful revolution in the spring of 1920. A provisional President was in power until elections were held in August for a constitutionally elected president to take office on December 1st.

⁶⁸The understanding was that these terms be embodied in a formal treaty which would be binding on that government.

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as a humanitarian gesture that financial aid from the United States be given to Mexico to sufficiently enable her to meet all of her outstanding indebtedness. Rejection of these terms (of international blackmail) should result in the resumption of strong diplomatic protests by the United States until a military occupation of Mexico was subsequently accomplished.

In Washington the State Department was hardly unaware of the Mexican problem or of the seemingly shifting attitudes of American opinion. Nonetheless, preoccupation with the Paris Peace Conference during 1919 had given the Department or Wilson⁶⁹ scant time to seriously evaluate and to consider an answer to the recurring problem. A crisis arose, however, in November, 1919, which seemed to force a decision on the problem.⁷⁰

⁶⁹Wilson had not kept himself informed of the situation in Mexico. Lansing was more informed, but he relied to a considerable extent on Henry P. Fletcher who in early 1919 had returned from the post of Ambassador to Mexico to be a counselor for the State Department on Mexican and Latin American Affairs. Later in the year Fletcher became Under Secretary of State. His reports as Ambassador were the primary contacts the State Department had on the Mexican situation.

The U.S. Chargé d'Affaires, George T. Summerlin, was left in command of the American Legation in Mexico City.

⁷⁰A very brief sketch of the crisis is found in Cline, op. cit., pp. 190-192. For a detailed analysis of the whole crisis, consult LC, Fletcher Papers, Lansing Papers, Lansing Diary, and Wilson Papers, for November and December, 1919. See also Decimal File Group 711.12/ for the same months.

William O. Jenkins, a U.S. consular agent stationed at Puebla, Mexico, had allegedly been kidnapped and held for ransom by bandits. Following his release from the bandits, he was arrested by the Puebla officials on a charge of complicity in his false kidnapping.⁷¹ This "Jenkins case," though scarcely novel in view of conditions in Mexico since 1910, appeared to be catalyst for an abrupt rupture in the already shaky diplomatic relations between the United States and Mexico.⁷²

Former Ambassador to Mexico Henry P. Fletcher regarded the Jenkins case as the culmination of Carranza's deliberate hostility toward the United States. Viewing as futile any further friendly relations between the two countries, Fletcher's memoranda on the crisis stressed the necessity of impressing Carranza with the gravity of Jenkins's release, even to the point of an ultimatum over the severance of diplomatic relations with Mexico and the suggestion of forceful measures.⁷³ Senator Fall attempted

⁷¹Charles C. Cumberland, "The Jenkins Case And Mexican-American Relations," Hispanic American Historical Review, XXXI, No. 4 (November, 1951), 586-607.

⁷²The Literary Digest, December 13, 1919, pp. 11-13, reported that a large portion of the U.S. press would approve military intervention in Mexico over the Jenkins case. It was the only opinion digest to make this broad presumption.

⁷³Fletcher to Lansing, November 21, 1919, LC, Fletcher Papers (Gen. Correspondence, 7); November 25, 1919, NA, 312.11/8839-1/2.

to take advantage of the crisis by introducing on December 3rd an unsuccessful concurrent resolution in Congress for the withdrawal of diplomatic recognition from Carranza and the severance of diplomatic relations with Mexico.

Secretary of State Lansing was unwilling to utilize the Jenkins's case as a pretext for intervention⁷⁴ in Mexico when in his mind the real issue at stake was the accumulation of injuries and damages suffered by American citizens in Mexico, especially under the Carranza government.⁷⁵ To retain prestige for the position of the United States, however, Lansing did convey a stern warning to Carranza that U.S.-Mexican relations had nearly reached the breaking point.⁷⁶ Fortunately for Lansing's position, Jenkins was released on December 5th and the crisis began to lose its momentum.

Upon the joint consultation of Lansing, Fletcher and the Division of Mexican Affairs, a memorandum was sent to Wilson on January 3, 1920, which suggested that

⁷⁴Lansing noted in his diary the division of Wilson's cabinet over the question of strong measures against Mexico. Wilson, already stricken with a stroke and uninformed of conditions in Mexico, voted against any action. LC, Lansing Diary, November 18, 1919.

⁷⁵Lansing to Wilson, December 5, 1919, For. Rels., Lansing Papers, II, 567-568.

⁷⁶Lansing Memorandum of a Conversation with the Mexican Ambassador Ignacio Bonillas, November 28, 1919, NA, 711.12/229-3/4.

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Mexico be given one more opportunity within a five week period to accept another series of proposals or to face the severance of diplomatic relations with the United States.⁷⁷ The hope remained that perhaps different circumstances might arise in time to alter conditions in Mexico, thereby making unnecessary the ultimate remedy considered--the military intervention of Mexico.⁷⁸

With the Jenkins case settled, the major question of petroleum rights and exploitation in Mexico still remained an issue. A crisis over this question was averted when Carranza in mid-January, 1920, ordered that provisional permits to drill petroleum be issued until an organic petroleum law relating to Article 27 had been passed in the Mexican Congress.⁷⁹

Meanwhile events in Mexico during the early months of 1920 gradually justified the deliberate procrastination of the State Department. By the Constitution Carranza was prohibited from succeeding himself in office after

⁷⁷Lansing to Wilson, January 3, 1920, NA, 711.12/263a.

⁷⁸Boaz Long, the Chief of the Division of Mexican Affairs, had already urged that military intervention be the last resort. Long Memorandum, December 7, 1919, NA, 711.12/228-1/2.

⁷⁹Fletcher regarded this action as practically settling the acute phase of the oil question. Fletcher to Under Secretary of State Frank A. Polk, January 22, 1920, LC, Fletcher Papers (Gen. Correspondence, 7). Fletcher resigned as Under Secretary in January.

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his term expired on November 30th. He gave his support to a civilian candidate, Ignacio Bonillas, who as Mexican Ambassador to the United States was known in Washington but not in Mexico. Whatever his motive in selecting Bonillas, Carranza passed over the most popular man in his party, a military hero and a logical candidate to succeed him--Alvaro Obregón. Obregón had been responsible for the successful victories of Carranza's Constitutional-ist Army against Victoriano Huerta, had been claimed as the only individual who had ever defeated Pancho Villa in battle, and had served for a time as Carranza's Minister of War.⁸⁰ In June, 1919, Obregón announced his own candidacy for the presidential office.

As the election campaign progressed, a series of events occurred in the state of Sonora whereby Carranza for political reasons invoked the power of the federal government against the state of Sonora.⁸¹ The announcement on April 11, 1920, of an order for federal troops to move into Sonora created a rebellious atmosphere within the state. The Governor and the legislature of Sonora

⁸⁰ Upon his retirement from the Carranza administration in early 1917, Obregón returned to the state of Sonora to take up farming and to read a good deal in law, history, geography, logic and psychology. See John W. F. Dulles, Yesterday in Mexico: A Chronicle of the Revolution, 1919-1936 (Austin: University of Texas Press, 1961), p. 15.

⁸¹ For a brief discussion of the Revolution of 1920 see Chapter XXVII of Herbert I. Priestley, The Mexican Nation, A History (New York: The Macmillan Company, 1938).

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voted to secede from Mexico unless the sovereignty of the state was recognized.⁸² General Plutarco E. Calles, a former Minister of Industry and Commerce under Carranza, conducted the military operations against the federal troops. A political program--the Plan of Agua Prieta--was drawn up on April 23, 1920, in which Carranza was charged with the attempt to impose by force a presidential candidate on the Mexican people and with the violation of the sovereignty of the states under the federal system. Having agreed that Carranza should no longer be President, the revolutionaries vowed upon the seizure of the capital to name a Provisional President to fill the vacancy until regular elections for the presidency and for congress could be scheduled.

The Plan of Agua Prieta was an immediate success. Carranza's army was defeated, and Carranza was allegedly assassinated on May 21st in an attempt to escape.⁸³ On May 25th, the Governor of the state of Sonora, Adolfo de la Huerta, was chosen by Congress as Provisional President to serve out Carranza's unexpired term of office until November 30, 1920.

⁸²This action gave the Revolution of 1920 the appearance of a civil revolt against Carranza begun by a civil governor and legislature rather than by a military coup.

⁸³Carranza was assassinated one week prior to the presentation of the final report of Fall's subcommittee on Mexico.

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The crisis of 1919, then, had passed without bloodshed, and the antagonism to the policies and actions of Carranza had seemed to subside upon his death. The atmosphere of tension slowly declined. Perhaps a solution to the ten years of crises over Mexico had been reached--with Mexico taking the initial step.

CHAPTER II

A RELUCTANCE TOWARD RECOGNITION

A "triumphant, though tardy, vindication" of Wilson's policy of "watchful waiting," exclaimed the Chief of the Division of Mexican Affairs Charles M. Johnston with perhaps a sign of relief as he observed Mexicans overthrow Carranza.¹ He admitted rather confidently that critics of Woodrow Wilson could scarcely discover enough material in Carranza's overthrow for a political platform (implying the Republican Party) or for an appeal to the American public for the military occupation of Mexico. After all, the State Department had merely been hoping that a removal of Carranza from power would put the United States in a better position to revamp diplomatic relations with a new leader in Mexico.²

Nonetheless, the overthrow of the Carranza government had not eliminated the basic issues of disputes between the two countries, which, though often clouded

¹Charles M. Johnston Memorandum to Secretary of State Bainbridge Colby, May 25, 1920, NA, 812.00/24920.

²Lansing to Wilson, January 3, 1920, NA, 711.12/263a.

over by the man--Carranza--still remained noticeable. The Mexican Constitution with its contested Article 27 and the subsequent executive decrees of Carranza had not been altered. Nor had the fundamental question been solved, for the United States at least, of the status of legally acquired property rights of American citizens in Mexico.

With these issues in mind, the State Department scrutinized the new leader in Mexico, Adolfo de la Huerta. The immediate question was whether or not to accord diplomatic recognition to this new government. Disappointed with the previous experience of Carranza's recognition, the Department decided to proceed cautiously in its examination of according any recognition of the existence of the de la Huerta government. The same day de la Huerta had been sworn in as Provisional President, Secretary of State Bainbridge Colby (Lansing's successor)³ dispatched a note to the American Embassy in Mexico City which expressed doubts about the strict legality of the recent presidential succession in Mexico and which urged extreme caution in dealing with de la Huerta to avoid the least imputation of any diplomatic recognition.⁴ The Chief of the Division

³ Because of a disagreement over functions of office, Wilson accepted Lansing's resignation on February 13, 1920.

⁴ Colby to the U.S. Embassy in Mexico City, May 25, 1920, NA, 812.00/24071.

of Mexican Affairs sustained Colby's decision by recommending that before any diplomatic recognition was accorded serious efforts be made to secure a definite commitment from Mexico on fourteen outstanding points of controversy between the United States and Mexico.⁵ Among the points included were the settlement of claims by citizens of both countries, the question of retroactivity and confiscation under the Constitution of 1917, the apprehension and punishment of the murderers of American citizens, and adequate protection to American lives and property within Mexico in the future. In addition Mexico was to consider the resumption of payment on its foreign debt and the assumption of debts incurred under the Victoriano Huerta government, acknowledge the validity of contracts and concessions made by the Porfirio Díaz and the Francisco Madero governments, and agree to settle certain other minor issues.

⁵See above, footnote 1. Leo S. Rowe, Chief of the Division of Latin American Affairs, concurred in this memorandum, adding that Mexico's geographic position to the United States and the extensive investments of Americans in Mexico could hardly make the United States indifferent to domestic events in Mexico. If Mexico were willing to cooperate with the United States in the settlement of these controversies, then the United States could accord full diplomatic recognition in addition to the encouragement of financial aid from American bankers and investors. Rowe to State, June 15, 1920, NA, 711.12/319.

From the State Department's reservations in May until Alvaro Obregón's inauguration as President on December 1st, the de la Huerta government despite salient efforts was unable to satisfy the prerequisites for recognition set by the United States. For nearly two-and-a-half years Obregón had no better success with the Harding administration. Both de la Huerta and Obregón regarded diplomatic recognition as their major foreign policy concern, not only for the economic advantages but more importantly for that external legality of their political power. In importance and prestige, recognition from the United States was the most highly prized. Yet the policy of the United States towards recognition of the Mexican government proved to be an obstacle in itself as well as in restraining recognition by other nations.

In international law diplomatic recognition was the legal accreditation of one government by another, accompanied by the exchange of acknowledged representatives to speak officially for that government.⁶ Diplomatic recognition was restricted to governments, not states. With a few exceptions the state retained its continuity regardless of the change in the form of civil government.

⁶See the summary of discussion on diplomatic recognition in Clyde Eagleton, International Government (3rd ed.; New York: The Ronald Press Company, 1957), pp. 73-77.

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Rights and obligations of the state likewise persisted. Treaties remained binding; financial obligations and property rights were unaffected; and claims for damages were to be assumed. Grouped together, these specific items constituted a state's international obligations. The need of recognition for a new government merely raised the question, in the assessment of a leading international lawyer, "whether the community of nations regards the new government as properly qualified to act with authority and propriety for its state."⁷

In practice diplomatic recognition was generally a two-step process. De facto recognition was the preliminary step of acknowledging that a particular government existed, exerted authority within a geographical area (a state), and had at least the general support of the population. This type of recognition permitted a limited amount of contact between the two governments concerned. The second step was de jure recognition which imparted a legality and status to the government in question and permitted the exchange of official representatives between the two governments.

While this procedure existed in international law, there was no binding legal duty for a government to recognize another, nor any specific time limit within which

⁷Ibid., p. 77.

recognition had to be given.⁸ A new government could not expect recognition on the basis of a legal right. The practice of diplomatic recognition had emerged primarily because of the structure of the nation-state system, and consequently became the practice of the individual states themselves.

The recognition policy of the United States had followed an overall continuous pattern since its origin in 1793 under Secretary of State Thomas Jefferson. The usual prerequisites for recognition had been based upon a government's ability to maintain domestic control of a country (state) and to claim popular support, irrespective of the means by which it had come into existence.⁹

⁸See the remarks of Edwin D. Dickinson on recognition within the international comity, Proceedings of the American Society of International Law (Washington, D.C.: American Society of International Law, 1931), 131-135.

⁹For a discussion of the recognition policy of the United States, especially as it was related to Latin America, refer to Charles C. Hyde, International Law Chiefly as Interpreted and Applied by the United States (Boston: Little, Brown and Company, 1922), I, 66-77; Charles Evans Hughes, Our Relations to the Nations of the Western Hemisphere (Princeton: Princeton University Press, 1928), pp. 37-46; Green Hackworth, "The Policy of the United States in Recognizing New Governments during the Past Twenty-five Years," Proceedings of the American Society of International Law, 120-137; Stuart Alexander MacCorkle, American Policy of Recognition Towards Mexico (Baltimore: The Johns Hopkins Press, 1933); William L. Neumann, Jr., Recognition of Governments in the Americas (Washington, D.C.: Foundation for Foreign Affairs, 1947); C. Neale Ronning, Law and Politics in Inter-American Diplomacy (New York: John Wiley & Sons, Inc., 1963), Chapter II.

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A corollary to the policy appeared in the 1860's and 1870's when the United States also put stress upon a government's ability and willingness to adhere to its international obligations. As American investments and interests abroad increased in the late nineteenth century, this corollary acquired a greater importance for the United States in according diplomatic recognition. Such items as contractual obligations, the settlement of claims, and the protection of property of American citizens became increasingly common wording in precise and detailed agreements as compared with the more vaguely stated and more individually interpreted acknowledgment of a government to merely fulfill its "international obligations."¹⁰

The corollary was first applied to Mexico in 1877 by the Rutherford B. Hayes administration on the recognition of Porfirio Díaz. De jure recognition was delayed a full year until disordered conditions within Mexico were rectified and outstanding controversies between the United States and Mexico had been settled.¹¹ In the twentieth century Woodrow Wilson's refusal to recognize a government not selected by a constitutional procedure,

¹⁰Ronning, op. cit., pp. 10-12.

¹¹This was also the first time in U.S.-Mexican relations that the United States had demanded the signing of a treaty as a prerequisite for recognition. See MacCorkle, op. cit., p. 77.

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as in the case of Victoriano Huerta in 1913-1914, was a major though short-lasting deviation from the traditional policy. Within several years Wilson was forced by circumstances to return to the already established prerequisites in considering Carranza's recognition.

For any government diplomatic recognition accorded a legality of its existence beyond its borders. Without it a new government lacked political prestige abroad and was often hindered in imposing its authority upon the country. The absence of recognition implied a certain distrust by other established governments. Non-recognition could be politically embarrassing by encouraging rival factions and instability within the country. Economically, non-recognition hindered or stifled the normal flow of commerce, trade, investment, and travel within and outside of a state. Loans and credits abroad--part of the system of international trade and finance--were likewise withheld from an unrecognized government. While a new government could exist without recognition, its initial survival was perhaps more precarious. Non-recognition, then, could politically and economically effect a limited isolation of a new government.¹²

Within a country such as Mexico which had undergone a destructive decade of civil war and which seemed inclined

¹²Dickinson, loc. cit.

in 1920 to restore some degree of stability, diplomatic recognition was essential. Since the Revolution began, conditions in Mexico had been unstable. Revolutionary armies, ambitious generals, and roving bandits acknowledged no higher authority than themselves. For any new government to reestablish order and stability within Mexico required the confidence both of the Mexican people and of governments abroad.

Especially noticeable in Mexico's case was the urgent need for capital, loans and credit. Since 1910 Mexico's financial system had collapsed, its land surface badly devastated, and agricultural production neglected.¹³ Commerce, industry and manufacturing had dwindled or lay idle. Transportation facilities as roads and railways and public utilities as the telegraph had been destroyed or were in need of repair. Mexico's foreign debt, already in arrears, had continuously mounted. To aid in the drive for Mexico's reconstruction outside financial assistance was a necessity.

For these reasons the provisional government of Adolfo de la Huerta sought de facto recognition from the

¹³See above, footnote 1.

United States.¹⁴ War-weary Europe was unable to provide the necessary financial assistance; the United States, which had taken over Europe's role as the world's banker, could. Prior to his inauguration, de la Huerta had remarked that a new government in Mexico (implying after Carranza's overthrow) would grant full guarantees and rights to Mexican citizens as well as to foreigners and would continue a policy of complete security for all foreign capital invested in Mexico.¹⁵ By May 20th de la Huerta had announced that peace and order had been restored in Mexico and that the revolutionaries had received the support of the population.¹⁶ In conformity with Mexico's international obligations and in accordance with international law, the life and property of all foreigners would be duly respected and protected.

¹⁴U.S. Chargé d'Affaires Summerlin remarked on the hope of the de la Huerta government that with recognition from the United States other countries would quickly follow suit. This assumption proved to be correct, as the Chief of the Division of Mexican Affairs later mentioned in a memorandum that the a number of European powers were observing the attitude of the United States before making a definite commitment of policy. Charles M. Johnston to State, June 25, 1920, LC, Wilson Papers (II).

¹⁵As reported by Consul Dyer at Nogales, Sonora, to State, May 13, 1920, For. Rels., 1920, 163-164.

¹⁶Confidential Agent of the rebel government, Alvaro Torre Diaz, to State, May 20, 1920, For. Rels., 1920, 165.

Presidential candidate Alvaro Obregón had included with forethought in his political platform the provision that he would give every assistance to foreign capital willing to invest in Mexico.¹⁷ In compliance with Mexico's laws Obregón was prepared further to fully acknowledge all rights legitimately acquired by foreigners in Mexico.¹⁸ In a later widely quoted speech Obregón mentioned that the petroleum question would be settled justly and that "'not one dollar of foreign or other property will be confiscated'" in Mexico.¹⁹ To avoid misunderstanding, however, he carefully stipulated that foreign capital would not be permitted to monopolize or to intervene in Mexican domestic affairs.

De la Huerta's and Obregón's addresses and speeches were directed as much to the American public as to the State Department. While approving of Carranza's overthrow, the U.S. press was initially not very optimistic about much improvement in Mexico under the Plan of Agua Prieta.

¹⁷Summerlin's report to State, June 6, 1919, NA, 812.00/22778.

¹⁸The New York Times reported that Obregón had asked the national convention of his party to insert in the platform the provision that the Constitution of 1917 be amended to eliminate features objectionable to foreigners. N.Y. Times, December 25, 1919, p. 1. In the eventual platform nothing more was added than what Obregón had already stated publicly. Summerlin to State, March 16, 1920, For. Rels., 1920, 132.

¹⁹New York Times, May 24, 1920, p. 2.

However, Obregón's public statements made a definite impression. In contrast to Carranza, Obregón's remarks seemed to reflect moderation, friendship, conciliation and public concern--qualities which the American public wished to hear.²⁰ Obregón's name soon became connected with the Plan of Agua Prieta.

U.S. policy-makers were more cautious. Faced with a decision to renew official relations with another Mexican government, Wilson requested the State Department in June to prepare a memorandum on the formal recognition of de la Huerta.²¹ Although gratified with the changing conditions in Mexico, the Department advised that the attitude of the United States should be one of friendship and sympathy toward the de la Huerta government but that de facto recognition should be postponed temporarily.²² The Department admitted that de la Huerta possessed the qualifications for such recognition, but in view of previous relations with Mexico the Department reasoned that

²⁰Ibid., April 13, 1920, p. 8; April 22, p. 10; April 26, p. 12; May 15, p. 14; May 18, p. 10; May 24, p. 14. See the comments of the press condensed in the Literary Digest, May 8, 1920, pp. 35-36; May 22, pp. 26-27; June 5, pp. 30-31. Refer also the American Review of Reviews, June, 1920, pp. 613-616; Sunset, the Pacific Monthly, June, 1920, p. 14.

²¹Wilson to Colby, June 23, 1920, LC, Wilson Papers (II).

²²Memorandum of the Second Assistant Secretary of State, Alvey A. Adee, June 24, 1920, NA, 812.01/8-1/2 LH.

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it would be advantageous to observe further evidence of his efforts to restore order and to enact a reconstruction program for Mexico,²³ and be known to be succeeded by a popularly elected president.

Upon the recommendation of the Chief of the Division of Mexican Affairs,²⁴ Under Secretary of State Norman H. Davis (who would handle the Mexican problem) decided to await the outcome of informal talks which were scheduled with a representative of de la Huerta.²⁵ From the end of June through the month of October these talks outlined the principal positions of both governments on the major obstacles between them in an attempt to arrive at some common ground for the resumption of diplomatic relations consistent with public opinion in both countries.

For its part the de la Huerta government was willing to pay adequate indemnity for all injustices and damages to the lives and property of foreigners in Mexico which

²³The Department was fully aware of the improving conditions in Mexico. Since Carranza's overthrow, Charles M. Johnson had noted the functioning of police and civil courts, the restoration of train service without armed escorts, the pursuit of bandits and the attempt at the demobilization of the majority of the Mexican army. Johnson to State, June 25, 1920, LC, Wilson Papers (II).

²⁴Ibid.

²⁵Davis to Wilson, June 25, 1920, NA, 711.12/511a.

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had been directly caused by the Revolution.²⁶ Moreover the Mexican government would maintain sufficient strength in the future to protect the lives and property of foreigners. All financial obligations, including the foreign debt assumed by preceding Mexican governments,²⁷ would be acknowledged. Finally, Carranza's foreign policy during World War I was censured, and the United States assured that the true sympathy of Mexicans during the war had rested with the Allied Powers.

While pleased with the continued progress in Mexico, the State Department was hesitant to accept merely verbal statements for the elimination of the principal controversial issues between the two countries.²⁸ Prior to his resignation Carranza had made verbal promises which the Department considered were later disregarded.²⁹ When

²⁶Under Secretary Davis Memorandum of an interview with the Mexican representative, Fernando Iglesias Calderón, June 30, July 9, 1920, NA, 711.12/466.

²⁷This included the Porfirio Díaz but not the Victoriano Huerta government which was declared an illegal government. See below, Chapter IV.

²⁸See above, footnote 26.

²⁹Before his de facto recognition on October 19, 1915, Carranza had given definite assurances that the lives and property of foreigners in Mexico would be respected. Confidential Agent Arredondo to State, October 7, 1915, For. Rels., 1915, 763-765. Prior to his de jure recognition on August 31, 1917, assurances had been given by Carranza that property of American citizens in Mexico, especially in the existing petroleum fields, would be protected and not be confiscated. Report of Ambassador Fletcher to State, August 2, 1917, For. Rels., 1917, 1072.

de la Huerta enforced the executive decrees of 1918 and 1919, the Department associated de la Huerta with its earlier antagonism to Carranza's policies. Fearing a reiteration of those policies, the Department required evidence that the de la Huerta government was sincere in its promises.³⁰

With no agreement reached by September, de la Huerta replaced his personal representative Fernando Iglesias Calderón with Roberto V. Pesquiera. Pesquiera announced that the de la Huerta government wished to settle all controversies as quickly as possible, even to the point of "practically any extreme of concessions which would be fair" in the petroleum question.³¹ Pesquiera pointed out that, if all disputed issues were settled between the two countries, de facto recognition could be granted to de la Huerta and President-elect Obregón could enter office on December 1st with a "clean slate." This appeal seemed to have been presented to benefit Obregón more than de la Huerta. Although de la Huerta remained Provisional President, the real policy-maker in Mexico was apparently Obregón. Of the three revolutionaries from the state of

³⁰Under Secretary Davis Memorandum of a conversation with Fernando Iglesias Calderón, August 24, 1920, NA, 812.00/27422.

³¹Under Secretary Davis Memorandum of a conversation with the Mexican representative, Roberto V. Pesquiera, September 23, 1920, NA, 711.12/331.

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Sonora--de la Huerta, Calles and Obregón--Obregón enjoyed the greatest popularity. His victorious election in September was almost an uncontested fact. De facto recognition of de la Huerta would undoubtedly have prepared the path for the de jure recognition of Obregón very soon after his inauguration.³²

Wishing to avoid any misconception, Under Secretary Davis replied that diplomatic recognition in reference to Mexico would not be based upon any one question such as the settlement of the petroleum issue, in which the Government of the United States "must necessarily take an impartial position."³³ Recognition for any Mexican government rested upon the established U.S. policy for diplomatic recognition--and only then after Mexico had taken such measures to justify recognition.

Elsewhere in Washington efforts were being made to settle the impasse between the two countries through personal diplomacy. Henry Morgenthau, Sr., a Wilson campaign supporter, suggested in a letter to Wilson in September that the time was opportune for the United States to act

³²This was the impression Chargé Summerlin received in an interview with Obregón. Summerlin to State, September 13, 1920, NA, 812.00/24642-1/2.

³³See above, footnote 31.

on the Mexican matter.³⁴ Conditions in Mexico, he noted, had changed from the days of Carranza. Now Mexico sincerely desired the friendship and cooperation of the United States, even to the point of satisfying every reasonable condition demanded by the United States. Since Mexico feared that a Republican victory in the November presidential election might revive an interventionist sentiment, Morgenthau advised that diplomatic recognition for de la Huerta would buttress his efforts to establish a firm, stable government. Though Wilson remained unconvinced without further positive measures,³⁵ a conference was presumably held between Wilson, Secretary of State Colby and George Creel (director of the Committee for Public Information during World War I) in which it was decided that Creel be sent to Mexico as an unofficial and confidential agent of Wilson.³⁶

Creel continually maintained that his main goal was to have the de la Huerta government recognized before

³⁴Wilson sent the letter on to Colby, Wilson to Colby, September 24, 1920, LC, Colby Papers (Container 3b). Morgenthau apparently had a conference with Colby on September 24th.

³⁵Wilson to Colby, September 27, 1920, LC, Wilson Papers (II).

³⁶(Acting) Chargé d'Affaires in Mexico, Matthew E. Hanna, to State, October 14, 1920, NA, 812.00/24689; Creel to Colby, October 23, 1920, NA, 812.00/24746-1/2; Creel to Colby, November 12, 1920, NA, 812.00/24774-1/2.

the presidential election in the United States on November 2nd. Like Morgenthau, Creel wished to vindicate Wilson's policy of "watchful waiting" as well as to thwart the Republicans and the American oil interests.³⁷ In Mexico he was apparently successful in breaking the diplomatic deadlock and in reaching some unspecified agreement with de la Huerta and implicitly with President-elect Obregón.³⁸ De la Huerta, General Calles, Obregón and other Mexican spokesmen had allegedly admitted to Creel in a very frank manner that they were unable to develop Mexico's remaining natural resources or to launch a program of national reconstruction without the support and assistance of other nations, which they realized in turn depended upon Mexico's acceptance of its "international obligations" as these other nations interpreted them.³⁹ Creel added, however, that in view of the hostility of the Mexican populace to the U.S. oil companies in Mexico any Mexican government had to proceed cautiously to avoid the appearance of an unconditional surrender.

Shortly after Creel's visit to Mexico in the first part of October, the Mexican representative Roberto Pesquiera outlined the exact position of his government in

³⁷ Ibid.

³⁸ Creel to Colby, October 23, 1920, NA, 812.00/24746-1/2.

³⁹ Ibid., November 12, 1920, 812.00/24774-1/2.

a letter to Colby on October 26th.⁴⁰ The de la Huerta government, and implicitly the incumbent Obregón, would enact the following measures: 1) to establish a mixed claims commission to adjudicate the claims of all foreigners arising from the Revolution, and whose decisions were final and binding; 2) to assert that Article 27 of the Constitution of 1917 would not be applied retroactively nor be used to justify confiscation of property;⁴¹ and 3) to bear the full responsibility for all of Mexico's international obligations (in addition to the preceding points) particularly the payment of its foreign debt. Two days later Pesquiera announced that, if formal diplomatic relations with Mexico were going to be renewed, he had been empowered as the representative of the Mexican government to insert every statement of his October 26th letter into the form of a protocol between the Mexico and the United States.⁴²

⁴⁰Pesquiera to Colby, October 26, 1920, NA, 812.00/24701-1/2.

⁴¹This point which had been and continued to be the most controversial read as follows: ". . . not one square yard of land has been confiscated in Mexico, not a single legitimate right of property has been annulled . . . President de la Huerta, and President-elect Obregón, have also made repeated public declarations to the effect that Article 27 of the Mexican Federal Constitution is not and must not be interpreted as retroactive or violative of valid property rights."

⁴²The protocol was to become a treaty after recognition had been accorded. Colby to Wilson, October 28, 1920, NA, 812.00/24757A.

Upon the examination of these letters Colby informed Wilson that Pesquiera's letter of October 28th offered for the United States a satisfactory basis upon which preliminary steps could be taken toward de la Huerta's recognition.⁴³ A memorandum was drawn up which included the U.S. prerequisites for recognition and the three points outlined in Pesquiera's letter of October 26th; and Pesquiera signed it.

Nevertheless no action was taken upon this memorandum, and the negotiations which had been slowly proceeding toward recognition were suddenly cancelled. Although Colby and Davis seemed favorably impressed with Pesquiera's letter of October 26th, George Creel's excited and emphatic assurances which he claimed he had received from the leading Mexican spokesmen probably made Wilson suspicious that Creel might have been deceived or at best misunderstood the Mexican position. Wilson always respected Creel's efforts to help solve the Mexican problem. But Creel's letters clearly displayed an emotionalism and even a sense of persecution in that he accused the State Department of allegedly being jealous of his success and of attempting to thwart his efforts.⁴⁴ From Wilson's and Colby's

⁴³Both Pesquiera's letters and Colby's reply were released to the press. See the New York Times, October 30, 1920, p. 1.

⁴⁴The accusation was made in Creel's November 12th letter to Colby, NA, 812.00/24774-1/2.

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correspondence it appeared that Creel either misunderstood or unintentionally misrepresented the position of the United States to the effect that recognition would immediately follow Pesquiera's letters of October 26th and 28th.⁴⁵ Colby had spoken of these letters as only "preliminary steps" toward recognition.

Colby soon became particularly disturbed over a circular issued in early November by de la Huerta to all Mexican diplomatic representatives abroad which stated that specific conditions as a basis for recognition would be rejected and that any negotiations toward recognition had to conform to de la Huerta's public statements.⁴⁶ To the State Department the circular seemed confusing, if not contradictory, in view of the negotiations which had been proceeding. Though the circular was actually tuned to a delicate political situation within Mexico, the Department interpreted it as inferring that Pesquiera did not have the full support of his government to make any binding decision.⁴⁷

⁴⁵Colby to Wilson, November 20, 1920, LC, Wilson Papers (II); Creel to Colby, November 12, 1920, NA, 812.00/24774-1/2.

⁴⁶Johnston to Colby, November 9, 1920, NA, 812.00/24765-1/2.

⁴⁷Colby to Wilson, November 20, 1920, LC, Wilson Papers (II).

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In early November reports were received from Mexico about a resurgence of bandit activity in the oil fields, increasing labor unrest, and so-called confiscatory legislation. The Chief of the Division of Mexican Affairs recommended the temporary discontinuance of all negotiations on de la Huerta's recognition.⁴⁸ Wilson concurred, perhaps recalling his previously unfortunate experiences with Mexico or the misunderstandings resulting from the Creel mission, or merely following Colby's and Johnston's advice. Wilson may have presumed that nothing more could have been accomplished on the matter of recognition without the unmistakable and written approval of President-elect Obregón. Undoubtedly a determining factor in Wilson's withdrawal and indecision on the negotiations was his ignorance of recent Mexican affairs. His attention had been diverted to Europe and the League of Nations. The stroke during his campaign trip had left him helpless in more than the physical sense. During the Jenkins crisis in November and December, for example, Wilson was confused, bewildered and suspicious.⁴⁹ He became leary of any advice or suggestions, even from his friends. He lacked informa-

⁴⁸ See above, footnote 46.

⁴⁹ Letters, memoranda and comments in the Wilson Papers, Colby Papers, and Lansing's Diary during November and December, 1919, reflected this attitude.

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tion, and he distrusted that which he received. He appeared to have trusted only Colby, who like Wilson was already suspicious on anything regarding Mexico. Both men had become increasingly hostile to the continuous agitation of American interests in Mexico. Wilson was particularly suspicious of the American oil interests, among them the "predatory" Edward L. Doheny.⁵⁰ Colby was annoyed at the American interests in Mexico who besieged the State Department with countless suggestions and memoranda. He had also become disgusted with the considerable number of lawyers, including some former members of Wilson's cabinet, who were under retainer with the Association of American Producers of Petroleum in Mexico.⁵¹

Nonetheless, the negotiations which had come closest to the settlement of the major issues between the two countries and which might have prepared a smoother path toward Obregón's recognition came to an abrupt halt, never to be resumed by the Wilson administration.

⁵⁰Wilson to Colby, November 5, 1920, NA, 812.00/26464; Wilson to Davis, November 23, 1920, LC, Wilson Papers (II).

⁵¹Colby to Wilson, November 6, 1920, NA, 812.00/26464. Perhaps the best assessment of Colby's and Wilson's attitude is found in an earlier statement by Colby on the negative influences of "propagandists, press agents, informal emissaries, oil men, attorneys and various like bedevilments." Colby to Wilson, September 25, 1920, LC, Wilson Papers (II).

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Realizing that no agreement would be reached within the ten days remaining of de la Huerta's term of office, Colby feigned a gesture toward the renewal of the negotiations. His suggestion that a commission composed of representatives of both countries draw up a treaty embodying the statements of Pesquiera's letter of October 26th bore no results.⁵² By November 30th--his last day in office--de la Huerta had not received recognition from the United States; on the next day his successor, Alvaro Obregón, was duly sworn in.

Although the Republican candidate Warren G. Harding had won the presidential election in November, Wilson still had four months left in office to consider presently the recognition of the Obregón government. Wilson had been urged to salvage some political capital for his outgoing administration by doing so.⁵³ Otherwise the incumbent Harding administration could utilize both the threat of intervention and the according of recognition (in

⁵²"We are marking time," concluded Colby. Pesquiera's letter of October 26th had proceeded further than any other statements from the Mexican government, he admitted, but it could serve only as a basis for preliminary negotiations on recognition. Colby to Pesquiera, November 25, 1920, NA, 812.00/24701-1/2.

⁵³Both the New York Times and the New Republic had praised Wilson's patient and forbearing policy toward Mexico against the interventionist trend (implicit in the Republican Party), and still saw an opportunity for Wilson to resolve U.S.-Mexican relations. N.Y. Times, November 1, 1920, p. 14; New Republic, November 10, 1920, p. 258.

addition to financial assistance) as means to obtain concessions from the Obregón government.⁵⁴ The Harding administration would reap the harvest of any good will which would result from recognition as well as from the final settlement of the ten year old Mexican problem. Instead, the topic of recognition merely faded away in Washington until Warren G. Harding took office on March 4, 1921.

⁵⁴Colby had suspected that the American oil interests in Mexico were going to utilize the Harding administration to gain their ends. Colby to Wilson, November 6, 1920, NA, 812.00/26464.

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CHAPTER III

FORMAL AND INFORMAL DIPLOMACY

On December 1, 1920, General Alvaro Obregón took the oath of office as President of Mexico. For Mexico at least it was a momentous event. For the first time in a decade a President took office after being elected in a peaceful election. Gifted with a magnetic personality, Obregón appeared to personify a different type of Mexican President than his recent predecessors. To some American observers he was even viewed as another Porfirio Díaz who would restore Mexico's former peace and prosperity. Obregón's inauguration ceremonies seemed to signal a new era for Mexico. Conspicuously absent, however, among the resident members of the foreign embassies in Mexico and the several U.S. state governors who greeted Obregón was the U.S. Chargé d'Affaires. Summerlin and the other members of the American embassy had been advised by the State Department not to attend the inauguration ceremonies.

Perhaps Obregón could have expected nothing more from the United States at the time. All previous efforts, such as the Mexican special representatives who diligently worked for recognition during the summer and fall of 1920,

Obregón's presidential campaign statements which were refreshingly received by the American public, and Obregón's successful victory in the September election, had been directed toward obtaining recognition from Wilson before the November presidential election in the United States. On the basis of political platforms Mexico might not be secure in either direction the election went. The Republican Party platform on Mexico was bold, harshly worded and sounded repetitious of the demands of the report of Senator Fall's subcommittee. It called for a "consistent, firm and effective policy" to protect the life and property of American citizens in Mexico.¹ The platform of the Democratic Party, though more temperate in tone and wording, had issued a highly vague and interpretative statement which insisted upon Mexico's fulfillment of its international obligations.² The Democratic platform and the term "international obligations" were as undefined as the Republican platform was fairly clear in its intention of at least forceful words.

The victory of the Republican Party in the November 5th election³ had gradually lessened the political advantage

¹Kirk H. Porter and Donald B. Johnson (ed.), National Party Platforms, 1840-1960 (Urbana: The University of Illinois Press, 1961), p. 290.

²Ibid., p. 221.

³The lack of comment on the election in the Mexico City press was taken to reveal the displeasure and the fear with which the victory of the Republican Party was received. Summerlin to State, November 9, 1920, NA, 711.12/296.

to be gained by Wilson in recognizing de la Huerta. The failure of the negotiations begun in late October and Harding's victory at the polls convinced Obregón that Wilson would no longer consider the recognition of any Mexican government. Consequently Obregón would have to attempt to evaluate Wilson's successor. When President-elect Harding was vacationing in southern Texas, President-elect Obregón happened to be vacationing in northern Mexico. Several delegations of Texas business men informed Harding that they could arrange a conference with Obregón at the border. Harding graciously declined and stated that he would not consider any official business until after his inauguration.⁴

Harding's inauguration in March, 1921, brought more than a change of administrations in Washington. It created a change in the conduct of foreign policy-making. While Woodrow Wilson had argued and relied upon his constitutional prerogatives in the area of foreign policy, Harding realized his shortcomings in this area and relinquished the formulation and the conduct of his foreign policy to his Secretary of State, Charles Evans Hughes. As an attorney, Hughes had already served a brilliant career in the legislature of New York, as

⁴Obregón was reported to have invited Harding as guest of honor at his inauguration on December 1st. New York Times, November 10, 17, 1920, p. 3; p. 1.

Governor of that state, and as an Associate Justice of the Supreme Court.⁵ His devotion to public service and his integrity had won for him a vast admiration. As the Republican presidential candidate in 1916, Hughes had been a stern critic of Wilson's Mexican policy which he viewed as humiliating for the rights of U.S. citizens in Mexico.

In Harding's opinion no man was better qualified for the position of the head of his cabinet than Hughes. At a press conference in St. Augustine, Florida, on February 19, 1921, Harding introduced Hughes to the press correspondents as his Secretary of State designate, adding that "'from this time on, Gentlemen, you will get your news as to the foreign relations of the United States from the State Department.'"⁶

Hughes's appointment as Secretary of State brought no comment from the Mexican press. But the confirmed

⁵For a brief biography of Hughes, consult Charles C. Hyde's chapter in Samuel Flagg Bemis (ed.), The American Secretaries of State and Their Diplomacy (New York: Alfred A. Knopf, 1929), X, 221-401. See also the chapter on Hughes by John Chalmers Vinson in Norman A. Graebner (ed.), An Uncertain Tradition: American Secretaries of State in the Twentieth Century (New York: McGraw-Hill Co., 1961), pp. 128-148. The first of the two volume biography by Merlo J. Pusey, Charles Evans Hughes (New York: Macmillan Co., 1951-1952), provides greater detail on Hughes's early life. The most psychological and recent study of Hughes is Betty Glad, Charles Evans Hughes and the Illusions of Innocence (Urbana: University of Illinois Press, 1966), whose first seven chapters cover Hughes's life to 1921.

⁶As quoted by Hyde in Bemis (ed.), op. cit., pp. 223-224.

appointment of former Senator Albert B. Fall as Secretary of the Interior gave little relief to Mexico's hopes for renewed friendship with the United States. Since December, 1920, press releases in the United States had been predicting that Fall was clearly in line for the post of either Secretary of State or of the Interior.⁷ Forty-eight hours before Harding's inauguration, Fall continued publicly to oppose the recognition of any Mexican government until all pending issues between the United States and Mexico had been settled in a written agreement.⁸

The appointment of former Ambassador Henry P. Fletcher as Under Secretary of State, the second highest

⁷New York Times, December 9, 24, 1920, p. 9. Harding received several letters severely criticizing the rumor of Fall's appointment as Secretary of State, which in the opinion of the authors would be disastrous for U.S. policy. No explanations were given. See Harding Papers (Box 23). Hughes had been notified of a plan whereby Fall was to become Secretary of State because he could dominate Harding more easily as the chief cabinet member. See letters to Hughes, NA, 812.00/24877, 24882.

⁸New York Times, March 2, 1921, p. 14. For some time Fall argued that the State Department had practically adopted the majority of the recommendations of his subcommittee's report of May, 1920, as its guideline for a recognition policy towards Mexico. Circular of the National Association for the Protection of American Rights in Mexico to its members, March 15, 1921 (including Fall's letter to this organization on January 19, 1921), NA, 812.6363/808-1/2.

In his Biographical Notes Hughes gave the impression of Fall as being an extremely loquacious man on foreign affairs who said nothing of any real value. Hughes stated that he had little contact with Fall. Refer to Pusey, op. cit., p. 427.

position in the Department, seemed to be another ominous sign for Mexico.⁹ As Under Secretary in the Wilson administration in late 1919 Fletcher had suggested forceful measures be taken against Carranza. Since the United States had withheld only official diplomatic relations with Mexico, it still maintained a foreign officer inferior in rank to an ambassador--the Chargé d'Affaires--to act as its spokesman in Mexico. George T. Summerlin retained his post as Chargé. As Harding took the oath of office on March 4th, the Mexican press expressed a dubious hope that the incoming administration would show a friendlier attitude towards Mexico than had the Wilson administration.¹⁰

II

The first problem facing Secretary of State Hughes was the formulation of a policy toward Mexico. Avoiding a haphazard approach, Hughes relied upon the advisory opinion available to the Department. In early April former President Wilson visited Hughes and conferred with

⁹Obregón's legal advisor in Washington, Myron M. Parker, warned of the appointment of men like Fall and Fletcher who shared similar viewpoints on Mexican affairs. Myron M. Parker to Obregón, March 1, 1921, AGN, 104-R1-E-9 Pg 16.

¹⁰Summerlin to State, March 4, 1921, NA, 711.12/313.

him on Mexico.¹¹ Despite the Obregón government, Wilson saw as hopeless any immediate improvement in U.S.-Mexican relations. However Wilson was confident that Obregón would eventually be forced to turn to the United States for assistance on any condition which the United States might demand.

On the same day as Wilson's visit Summerlin reported that Obregón seemed to be losing daily his grip of power to the so-called "Bolsheviks" in his cabinet.¹² Summerlin listed among them, Minister of Government Plutarco E. Calles, Minister of Finance Adolfo de la Huerta, and Minister of Agriculture Antonio I. Villarreal; in addition, the Governor of Yucatan Salvador Alvarado. Moreover, Summerlin hastily observed, Obregón had accomplished nothing noteworthy in the four months he had been in office.

In mid-April the two solicitors (chief legal counsels) to the State Department J. R. Baker and F. K. Nielson had examined the Constitution of 1917 and reported that the Mexican government had a weak legal argument (compared to Anglo-American law) in its position on Article 27 and the petroleum decrees of 1918. The conclusion of their memoranda was that Article 27 and the petroleum decrees

¹¹Hughes Memorandum, April 4, 1921, NA, 812.00/25088.

¹²Summerlin to Fletcher, March 4, 1921, NA, 812.00/24874-1/2.

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of 1918 provided for the retroactive confiscation of property.¹³

By the end of April a general meeting of the Department was called to determine a policy toward Mexico.¹⁴ With the pessimistic advice before him, Hughes expressed concern that a weak policy would be politically embarrassing to the general platform of the Republican Party and would expose the United States to serious criticism abroad. Among the issues and solutions presented, agreement was soon reached that the only weapon short of military force which could enable the United States to obtain an acknowledgment of the protection of the lives and interests of its citizens in Mexico was the withholding of recognition from the Obregón government. It was decided at the meeting that the official U.S. policy towards Mexico was to rest firmly upon the principle of protection to the life and property of American citizens in Mexico, and the policy was to be carried out to the maximum extent. If the technique of nonrecognition failed to achieve the aim

¹³J. R. Baker Memorandum on American Petroleum Interests in Mexico as Affected by Provisions of the Constitution of 1917, April 16, 1921, NA, 812.6363/1448; F. K. Nielson to Fletcher, April 20, 1921, NA, 812.6363/874.

¹⁴Fletcher Memorandum, April 27, 1921, NA, 711.1211/213. Among those present were Hughes, Fletcher and Summerlin (who was temporarily called to Washington for the conference).

of this policy, then the United States could justifiably consider the ultimate weapon--military force against Mexico. In the announcement of the policy, however, Hughes wished to make it absolutely clear that the policy was based upon international law which applied to Mexico as well as to any other country and which was not undertaken on behalf of any private American interest in Mexico.

The policy formulated by the Department aptly fit Hughes's thinking. The policy was to rest first upon a principle and secondly to be based on international law. Hughes's earlier legalistic training carried over into the office of Secretary of State. He came to view the community of nations as an extension of the order in society and the existence of domestic law within a state or nation. This "image of the world order" persisted throughout Hughes's career.¹⁵ Hughes continually upheld international law as the body of rules to govern this community of nations or international society. When Hughes referred to international law in the formation or application of policy, he considered himself to be an impartial jurist (if such were possible). In his estimation international law applied equally and impartially to all nations.

The existence of the theory of international law by no means suggested its continued application and practice.

¹⁵For an elaboration of this concept see Glad, op. cit., Chapter 10.

In an imperfect world national interests or power politics usually took precedence over international law. Nor was any law static or fixed but constantly remained open to interpretation. In theory rights and duties under international law applied equally to small and large states alike; in practice, the larger and more powerful states held sway in interpreting or discarding them. Hughes inadvertently held Obregón to an American interpretation of international law on the protection of the life and especially the property of U.S. citizens in Mexico. On the other hand, Obregón--like Carranza--considered that he had or would fulfill Mexico's obligations under international law. Obregón's interpretation of Mexico's rights and duties under international law fell upon deaf ears for over two years.

The State Department's policy formulated, the next step was a means for its implementation. Fletcher had suggested as a prerequisite for recognition that the Obregón government repeal the Carranza decrees of 1918 or that the Mexican Supreme Court render a decision on Article 27.¹⁶ Hughes dismissed Fletcher's first suggestion as not being a preventive for the reissuing of similar executive decrees, and was dubious of the second suggestion which he considered could be a dangerous precedent if the

¹⁶See above, footnote 14.

decision was not in favor of the United States! Instead, Hughes had his own proposal of a guarantee for the protection of the life and property of American citizens in Mexico in the form of a treaty. This treaty served a twofold purpose by combining a recognition of the valid rights of American citizens in Mexico (as interpreted by the United States) with the diplomatic recognition of the Obregón government. Unwilling to accept only a promise contained in a diplomatic note (as had been the procedure in Carranza's recognition), Hughes had a form which was binding on Mexico. According to Article 133 of the Mexican Constitution a treaty receiving the approval of the Senate became a "supreme law" of the land. A treaty in Hughes's estimation would protect American citizens against any further interpretation of Article 27. Upon the signing of the treaty diplomatic recognition was simultaneously accorded to Obregón.

After consulting with Harding, Hughes had drawn up a draft of a proposed Treaty of Amity and Commerce between the United States and Mexico which was presented to Obregón on May 27th. The treaty¹⁷ consisted of eighteen articles, seventeen of which dealt with the standard items found in a treaty of this type on commerce and navigation, provisions for claims, the settlement of boundary disputes,

¹⁷Found in For. Rels., 1921, 397-404.

and so forth. The most important and highly controversial article was Article I.¹⁸ While it guaranteed reciprocal rights and privileges to the citizens of both countries, the crux of the article was that it prohibited any confiscation of property whether by constitutional provisions, executive or legislative decrees.

The term "confiscation" was in reference to titles of ownership acquired prior to the promulgation of the Constitution on May 1, 1917. To further assure a specified and unqualified meaning the article declared unequivocally that not only the Constitution of 1917 but also Carranza's executive decrees and the legislative decrees of the various Mexican states were not to be applied retroactively. However, Article I did permit expropriation of property but only in the public welfare and upon the prompt payment of a just compensation. For the United

¹⁸Often receiving undue importance was Article II which provided for reciprocal religious liberty for the citizens of both countries. It was actually a standard departmental form found in treaties of this type. See J. R. Baker Memorandum on the draft of a Commercial Treaty, November 30, 1925, NA, 711.122/8.

There is no evidence that either the Catholic Church or the Protestant Missionary Boards in Mexico exerted strong pressure on the Department relative to the religious policy of the Mexican government. See Hughes Memorandum of an interview with Archbishop John Francis Bonzano, the Apostolic Delegate to the United States, May 23, 1921, LC, Hughes Papers; Charles P. Howland of the Foreign Policy Association to Hughes, April 20, 1921, NA, 812.00P 81/3.

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States the article attempted to protect those American citizens who had acquired property in Mexico from having either the highest law of the land (the Constitution) or any other laws or decrees being applied to them. In effect, Hughes was requesting that an exception be made in Mexican laws for American citizens. Article I of the Treaty of Amity and Commerce essentially nullified the Constitution of 1917 and the subsequent decrees. The inclusion of the right of expropriation was of no value as long as the term "public welfare" and "just compensation" remained undefined.

Under the state system, sovereignty meant exclusive jurisdiction or control within the boundaries of a state including the right of domestic legislation.¹⁹ Even an alien is subject to the laws of the state within which he is residing. Under international law certain restrictions were placed upon state sovereignty for the general welfare of the international community. An alien, for example, possessed a limited appeal for "denial of justice." In practice, states retained vast powers of jurisdiction with only minimal restrictions placed upon their internal administration. Consequently, Obregón was aghast at Article I of the Treaty of Amity and Commerce which severely restricted Mexico's internal jurisdiction by an

¹⁹See the discussion and summary of the whole concept of sovereignty in Eagleton, op. cit., pp. 87-88, 125-129.

American interpretation of international law. Obregón was soon to learn that his conception of Mexico's obligations or duties and rights under international law differed sharply from that of the United States.

In early June Summerlin explained to Obregón the purpose of the proposed treaty. The United States, he said, in an attitude of friendship had decided to reach a permanent understanding with Mexico on all major disputed points.²⁰ To accomplish this aim the State Department had drawn up the proposed treaty to be reciprocal in nature, with no special privileges for U.S. citizens in Mexico except that they be treated similar to the status of Mexican citizens in the United States. The Department, of course, was speaking in general diplomatic terms. If "reciprocal" were interpreted literally, Obregón could protest any potential confiscation or expropriation of property of Mexican citizens within the United States under its Constitution or any state legislation. In reference to the status of Mexican citizens within the United States, there were several specific occurrences in 1922 when the State Department was embarrassed by insults and injuries to the lives and property of Mexican citizens in various states.²¹ This was in addition to the general

²⁰Summerlin to State, June 3, 1921, For. Rels., 1921, 404-406.

²¹See below, Chapter VI.

discrimination towards Mexicans throughout the Southwest.

Obregón graciously declined official comment on the treaty, stating that he would have to consider his domestic position. Within Mexico Obregón faced a number of problems which demanded his immediate attention. For any program of reconstruction Obregón had to restore Mexico's financial stabilization by reestablishing the monetary system and credit and by restricting unnecessary expenses. To accomplish this in part, the complete pacification of Mexico and a stable government in control were necessary to inspire confidence at home and abroad. Among various means employed, Obregón rid Mexico of her bandits either by force or by the pact concluded with Pancho Villa to take up farming. A majority of the Mexican army, which when armed was a potential threat to peace and was too costly to maintain in its entirety, was demobilized and provided with land and farming equipment for more constructive purposes.

Another serious and immediate problem with which Obregón had to contend was an increased agricultural production. The decade of civil war had plagued Mexico with a desperate food shortage. Despite the revolutionary goal of agrarian reform, the Mexican peons needed to be transformed into productive farmers for the whole nation, not merely individual owners of property. A balanced agrarian policy was required to restore the productivity

of the soil as well as to sponsor the land redistribution program. Of necessity Obregón was forced to proceed cautiously and gradually in the area of agrarian reform to prevent the entire disruption of Mexico's agricultural economy.

A new potential source of political power had grown up in Mexico. Article 123 of the Constitution of 1917 had given labor an elevated role in Mexican society, and labor became encouraged to demand its legal rights. Labor organizations increased rapidly in the early 1920's and demanded legislation to make Article 123 effective, demonstrating their power through numerous strikes. Embarrassed by conflicting state labor laws and radical organizations, Obregón had to steer a middle course. He could scarcely alienate his support of the labor movement by taking strong repressive measures against strikes. The national labor organization, the Confederación Regional Obrera Mexicana (CROM), had backed the Revolution of 1920 and continued to support Obregón. On the other hand he could hardly afford to arouse any further the hostility of foreign capital urgently needed in Mexico by not taking vigorous action against labor's unwieldy power.

The serious petroleum controversy remained unsolved. Realizing that petroleum-bearing lands and petroleum production were an extremely valuable source of revenue, Obregón could neither effectively abrogate nor rigidly enforce Article 27. One course would remove his government

from power and the other might bring foreign intervention.

These pressing domestic problems were interlinked to the obtaining of diplomatic recognition abroad. Whatever policy decisions or courses of action Obregón undertook, these directly or indirectly affected to some degree his chances for recognition. No matter how much they were despised in Mexico, foreign interests could not be ignored either for their assistance or for their protests to their respective governments. A middle-of-the-road policy would seem best suited for Obregón's interests. Diplomatic recognition, especially from the United States, would be a moral triumph for Obregón and certainly an asset to the stability of his government. But Obregón had to continuously consider a delicate political situation.

With the proposed Treaty of Amity and Commerce presented by the United States, Obregón realized that the State Department's position on his recognition would remain stringent. He had thought that his first official public statement on foreign affairs in early April might have sufficed for recognition.²² He had pointed out that his government was in control, had the support of the Mexican

²²None of the twelve points presented were essentially novel since they had been mentioned previously by Obregón or by the de la Huerta government. Summerlin to State, April 7, 1921, For. Rels., 1921, 394-396.

people, and was willing to fulfill its international obligations--all past U.S. prerequisites for diplomatic recognition. Now he sought other means to convince and to persuade the United States of the desirability of his recognition.

III

In the late spring and early summer of 1921 the Mexican Minister of Foreign Relations Alberto J. Pani exchanged formal notes with the State Department. In these notes an effort was made to present every type of argument conceivable for Obregón's recognition.²³ On the basis of legality, it was argued, Obregón had been elected constitutionally in a popular election,²⁴ and his government had already been recognized by twenty-seven countries.²⁵ Because of Mexico's geographical proximity

²³Summerlin forwarded the notes to the Department. Summerlin to State, June 4, 1921, NA, 711.1211/4; June 10, For. Rels., 1921, 408-415.

²⁴The emphasis on this point was undoubtedly a lesson learned from the Wilson administration.

²⁵The list of countries read as follows: in Europe--Czechoslovakia, Finland, France, Georgia, Germany, Italy, Lithuania, the Netherlands, Poland, Spain; in Latin America--Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay; in the Far East--China and Japan.

There were two errors in this list. France and Poland did not recognize Obregón until 1923. In 1922 Norway, Sweden and Denmark recognized Obregón.

to the United States for both commerce and travel, it was senseless to delay recognition. Numerous American business conventions and chambers of commerce who had visited Mexico, and several U.S. state legislatures, had passed resolutions advocating Obregón's recognition.

Because Mexico for over a hundred years had been a state recognizable in international law, Pani continued, to sign a treaty prior to recognition would give that recognition a conditional character and thereby injure Mexico's sovereignty and dignity. Moreover the Treaty of Amity and Commerce proposed by the United States was objectionable in its present form since it contained stipulations in Articles I and II which were opposed to certain precepts of the Constitution of 1917.²⁶ As President, Obregón was bound to comply with and to enforce the highest law of the land. If Obregón did accept this treaty,²⁷ the Mexican Senate would probably reject it when it was submitted to them for their approval.²⁸ If by chance the Senate did ratify the treaty, the wording of Article 15

²⁶For example, Article 27; Article 3, Section I, and Article 24 which dealt with religion.

²⁷By Article 89, Section X, Obregón had the authority to direct diplomatic negotiations and to make treaties with foreign powers.

²⁸Senate approval of treaties as provided for in Article 133.

of the Constitution might be used to overrule their approval.²⁹ Pani's entire argument was reducible to the principle that the Constitution of 1917 was the supreme law of the land and that any number of its provisions could be utilized to reject the Treaty of Amity and Commerce.³⁰

Following the formal notes, Pani elaborated upon the personal position of the Obregón government.³¹ Obregón, he said, was "firmly determined" to satisfy the just demands of all foreign governments. However, he could hardly afford to grant such demands under the obvious appearance of foreign pressure. For political reasons Obregón had to retain a certain degree of freedom of action. In the Treaty of Amity and Commerce proposed by the United States only two articles were objectionable. Article I, which dealt with political matters as Article 27 (of the Constitution) and the procedure of claims, and Article II, which was concerned with religion, could not be made

²⁹Article 15: ". . . Nor shall any agreement or treaty be entered into which restricts or modifies the guarantees and rights which this Constitution grants to the individual and to the citizen."

³⁰The Mexico City press and the Mexican Congress in general supported Obregon's position on the treaty with similar arguments. Summerlin to State, June 9, 10, 1921, NA, 711.1211/10, 11.

³¹Summerlin relayed the message to the Department. Summerlin to State, June 5, 10, 1921, NA, 711.1211/5, 12; June 7, 9, 10, 1921, For. Rels., 1921, 408-418.

consistent with Obregón's public statements. Pani intimated that, if the United States withdrew this treaty as a condition for recognition, Obregón would utilize his freedom of action to accomplish the same ends as the U.S. policy demanded.

Pani specifically emphasized that both the executive and the legislative³² branches of the Mexican government favored the principle of "non-retroactivity" in the Constitution, and that a proposed organic petroleum law regulating Article 27 was under study in the Chamber of Deputies.³³ With complete assurance Pani added that the Mexican Supreme Court could hardly fail to align itself with the two other branches of the government. If these three branches--executive, legislative, and judicial--simultaneously and cordially undertook action on the principle of "non-retroactivity," Obregón could appropriately point to the complete unity of his government. Only in that way, Pani continued, could Obregón logically argue that his government was speaking for the Mexican Nation

³²Pani referred to the applause given in the Chamber of Deputies to a speech which advocated the principle of non-retroactivity in the Constitution of 1917. This was an indication, he said, that the principle had been supported.

³³Summerlin mentioned that the Mexico City press reported that the Chamber of Deputies had rejected the proposal of permitting the executive branch extraordinary powers in matters of petroleum. Summerlin to State, June 15, 1921, NA, 711.1211/16.

as a whole.³⁴ If the United States did not wish to recognize Obregón as an individual, it could scarcely deny recognition to the Mexican Nation!

On the matter of claims, Pani mentioned that a bill providing for a mixed claims commission was being prepared by Obregón to be presented soon to the Mexican Congress. Because the Obregón government permitted religious toleration and had no problems on religious matters, it wished to avoid any potential controversy which might possibly arise from the question of reciprocal religious liberty. Pani concluded his prepared brief by stressing that Obregón's acceptance of the Treaty of Amity and Commerce would cause a revolution.

The State Department's reply to the diplomatic notes of the Mexican Foreign Office was released to the press in an official statement on the evening of June 7th.³⁵ Based upon the policy suggested at the Department's conference of April 27th, this statement became the official answer to any queries concerning U.S.-Mexican relations. Hughes obviously was not convinced of the logic in Obregón's rejection of the proposed Treaty of Amity and Commerce

³⁴If the three branches of the Mexican government acted in unison, criticism of foreign pressure exerted upon any decision made could not be directed against any specific branch of the government.

³⁵Hughes to Summerlin, June 8, 1921, For. Rels., 1921, 406-407.

for he stressed again the necessity of a guarantee before recognition.

Hughes emphasized that the fundamental question between the United States and Mexico was "the safeguarding of property rights against confiscation." The fear of the Department was that valid titles to private property acquired by American citizens in Mexico under legislation existing prior to the promulgation of the Constitution on May 1, 1917, would not be respected. Ironically Hughes acknowledged the right of Mexico as a sovereign nation to formulate its own domestic laws and policies while simultaneously upholding the sanctity of private property as a universal standard. Yet in the United States there were numerous examples since the American Revolution that private property had not always been held inviolable, for example, in reference to debts, slaves, distilleries, Confederate bonds, and so forth. Hughes was attempting in another instance to impose a universal principle upon a sovereign nation when his own country as a sovereign nation had not unswervingly held to that principle. A further example of Hughes's theoretical application of law was over the concept of confiscation. Hughes was apprehensive that in the enforcement of the Constitution of 1917 and the 1918 decrees the Obregón government appeared to be following a confiscatory policy by the expropriation of property of U.S. citizens without

compensation. Hughes did not specifically define such confiscation nor enumerate examples of expropriation. Nor was there any reference to Article 27, paragraph II, or Article 27, Section VI, paragraph II, of the Constitution on the expropriation of property for public use subject to an indemnity or compensation. Hughes seemed to be restating a general principle in legal brief but without the evidence.

On the specific matter of recognition Hughes maintained that the United States was in no way denying recognition to any particular Mexican government. Rather, the United States had been insisting upon assurances from the Obregón government of its willingness to perform its international obligations, especially to protect the lives and valid property rights of American citizens, and of guarantees of a non-confiscatory application of the Constitution of 1917.³⁶ These essential assurances and guarantees could be satisfactorily met in the Treaty of Amity and Commerce. In short, Hughes made the question of recognition dependent upon the negotiation of this

³⁶ Whenever questioned about the Department's prerequisites for diplomatic recognition, Hughes referred queries to C. C. Hyde, International Law . . ., I, 66-74. The ability of a new government to perform its international obligations was a major point emphasized by Hyde. In February, 1923, Hyde became chief legal counsel for the Department.

treaty.

While formal notes were being exchanged between the two governments, Obregón was kept informed of developments and opinions in Washington during the summer of 1921 by several personal and unofficial representatives. Obregón's legal advisor in Washington, Myron M. Parker, a New York City attorney Byron S. Butcher, and free lance writer Robert Hammond Murray, frequently presented memoranda to the State Department on the subject of Obregón's recognition. From their interviews with officials of the Department,³⁷ they informed Obregón that the Harding administration was generally confident Obregón could fulfill his promises, but in view of its previous diplomatic experience with Mexico the United States demanded some kind of protocol.³⁸ Obregón was also advised that one of the State Department's major fears was a continuance of the radical phase of the Revolution.³⁹

³⁷The officials were Under Secretary Fletcher, chief legal counselors J. R. Baker and F. K. Nielson in Washington, and Chargé Summerlin in Mexico.

³⁸Myron M. Parker to Obregón, March 1, 1921, AGN, 104-R1-E-9 Pq 16.

³⁹Byron S. Butcher to Obregón, May 22, 1921, AGN, 104-R1-E-9 Pq 16. Butcher attempted to relieve Obregón's anxiety by mentioning that any final decision on recognition would come from the State Department, not from Secretary of Interior Fall.

Obregón's most confidential agent in Washington during 1921 was Elmer Dover. Dover was actually a personal friend of both Presidents, and played a dual role. He was in the pay of the Obregón government as an official agent while simultaneously acting as a special representative of President Harding to Obregón.⁴⁰ Apparently both Obregón and Harding viewed Dover's personal role as intermediary similar to that of George Creel's efforts toward negotiations in October, 1920. Dover had a number of interviews with Harding and several with Hughes. Dover noticed that his best interviews were alone with Harding who seemed satisfied with Obregón's public statements and inclined towards the early resumption of formal diplomatic relations between the two countries.⁴¹ On the matter of procedure, Harding favored personal negotiations between Obregón and himself; Hughes urged formal negotiations between the two governments. Displeased with the numerous individuals who purported to act as personal

⁴⁰Whether Harding was completely aware of this dual role is debatable. Harding appeared to have trusted Dover whom he later appointed Assistant Secretary of the Treasury in April, 1922. Dover was probably Harding's only authorized representative to Obregon though other Americans would claim to speak for Harding. Refer to the miscellaneous data on Mexico in Harding Papers (Box 167); see also AGN, 104-R1-D Pg 15-1, on Dover.

⁴¹Elmer Dover to Obregón, May 11, 1921, AGN, 104-R1-D Pg 15-1.

representatives of the Obregón government, Hughes demanded for the sake of clarity that all matters of state be conducted through the regular and official channels of the State Department.⁴²

When the opportunity arose, Obregón in recalling one of Dover's notes wrote a personal letter to Harding.⁴³ Ostensibly a reply to Hughes's official statement of June 7th on U.S. policy towards Mexico, the letter was a direct appeal to Harding. Obregón attempted in a long philosophical argument to elaborate upon the distinction between the moral and legal entities, "the American Government" and "the Mexican Government," and the personalities presiding over these governments. His argument was that a change in the personalities did not break the moral and legal continuity of the concept of the "American Government" and the "Mexican Government." In essence, governments as the agency of states persisted as long as the state did. The personnel of the particular administration changed and the agency took different forms, but the concept of government retained its continuity until the state was conquered or absorbed.

⁴²Hughes Memorandum of an interview with Elmer Dover, May 4, 1921, LC, Hughes Papers (Box 176).

⁴³Obregón to Harding, June 11, 1921, For. Rels., 1921, 416-419.

Two weeks later Obregón followed up this letter with an offer to satisfy the United States as well as to retain domestic confidence by suggesting an incentive for recognition and an alternative to the Treaty of Amity and Commerce. Elmer Dover was despatched to Washington with a prepared statement of Obregón's position, along with two additional instructions.⁴⁴ In the first instruction Dover was to mention that since a treaty signed prior to recognition probably would not be ratified, Obregón was willing to write a personal letter to Harding which would bind Obregón as a matter of honor.

What Obregón was actually suggesting was an executive agreement between Harding and himself. Such an agreement by being directed to the head of state would result in quicker and more favorable action being taken than to wait for the approval of the Senate in both countries. For Obregón this type of agreement would avoid complications if the legislative and the judicial branches should fail to act in unison with the executive. Moreover Obregón could circumvent the State Department which was ill regarded in Mexico. Since Harding in temperament and policy could not be compared to Woodrow Wilson, an executive agreement would not appear injurious to the dignity of

⁴⁴Hughes Memorandum of an interview with Elmer Dover, June 23, 1921, LC, Hughes Papers (Box 176).

the Mexican Nation and would seem less binding upon Mexico. By the successful negotiation of an executive agreement which resulted in recognition, Obregón, already a popular figure, would increase his political image and prestige in Mexico. Bound by only his honor, Obregón could utilize his freedom of action to satisfy both the just demands of the United States and to carry on the goals of the Mexican Revolution. Only through a moderate, long-term policy could Obregón achieve the best national interest and welfare of Mexico and retain his political power. If Harding at any time discovered a breach of faith on Obregón's part, he could always break diplomatic relations with Mexico.

The second instruction was to be a casual remark made by Dover that the Mexican Supreme Court was prepared to give a decision on Article 27 which would declare its provisions to be non-retroactive. Obregón probably told Dover to mention this remark in an impromptu manner apart from the prepared statement so that it would not be binding in writing. As Dover explained, the Court had so far refrained from rendering a decision⁴⁵ to avoid the appearance of appeasement to the United States for Obregón's

⁴⁵ That the Court was actually prepared to render a decision was probable. See the lengthy memorandum by three Justices of the Supreme Court on the study of the amparos filed against the Carranza decrees of 1918, June 14, 1921, AGN, 104-P1-P-13 Pg 15.

recognition. As soon as recognition was granted, the decision was to be released.

The State Department, however, remained unimpressed with Obregón's alternatives. A month later it prepared an answer to these alternatives and to Obregón's letter of June 11th in an informal letter from Harding to Obregón. Harding's reply was a tightly organized and concise letter which reflected his affability but Hughes's thinking.⁴⁶ Reemphasizing that U.S. policy was based solely upon a matter of principle, the letter reasserted the necessity for the United States of positive assurances from the Obregón government in the fulfillment of its duty to protect the interests of American citizens in Mexico. Obregón's public statements, the letter continued, were considered to be insufficient by themselves, and the legislative and the judicial branches of the Mexican government had not yet acted upon a non-retroactive and non-confiscatory regulation of Article 27. Though Harding (and Hughes) realized the beneficial effect of the three branches acting in unity, the United States still sought a binding commitment which it was thought would more quickly and effectively remove the causes of friction between the two countries.

⁴⁶Fletcher dispatched the letter to Summerlin, July 21, 1921, For. Rels., 1921, 419-423.

Since the United States sincerely desired Mexico's friendship, Harding continued, the important question to be decided on was the manner in which official diplomatic relations might be renewed. For the United States a simple solution was its proposed Treaty of Amity and Commerce which the Department did not consider to be in violation of Mexican constitutional law. To accommodate Obregón in the negotiation of this treaty, Harding was willing to dispatch a special commissioner to Mexico as that formal diplomatic relations might be resumed more rapidly. This insertion into the letter of a special commissioner was requested by Harding to avoid the impression that Obregón was meekly submitting to the dictates of the United States.⁴⁷

Though containing Hughes's policy, Harding's letter was written in a considerably more mollifying tone than Hughes's public statement of June 7th. Harding and Hughes appeared to have been fairly satisfied with the improvement in the Mexican situation by mid-1921, and both were desirous of settling this controversy carried over from a previous administration. As a chief executive and a politician himself, Harding seemed to be rather keenly sensitive to Obregón's political plight. By this time the

⁴⁷Harding to Hughes, July 21, 1921, Harding Papers, (Box 167).

State Department seemed satisfied that lives of U.S. citizens were no longer in immediate danger in Mexico. The emphasis over the next two years was on the protection of the interests and property of U.S. citizens in Mexico. Nonetheless the essential element of Hughes's policy, the Treaty of Amity and Commerce, remained steadfast.

Finding the State Department persistent and determined in its position on the treaty, Obregón decided to make his final bid for recognition during 1921. Since the Department had rejected his appeal for an executive agreement, Obregón had to use a second recourse--the announcement of a constitutional interpretation by the Mexican Supreme Court on Article 27. In a belated reply to Harding's letter of July 21st Obregón announced that definite steps had been taken to increase the confidence of foreign governments in his administration.⁴⁸ He remarked on a proposed bill before the Mexican Congress to provide for a mixed claims commission and on the petroleum committee of the Chamber of Deputies in operation since January to study the question of a non-retroactive and non-confiscatory application of Article 27. One further step was the rendering of a decision on the amparo cases filed since December, 1918, by the various foreign oil companies in Mexico.

⁴⁸Obregón to Harding, August 18, 1921, NA, 812.00/26098.

Elmer Dover had previously mentioned to the State Department in June that the Mexican Supreme Court was prepared to render a decision but had refrained from doing so to avoid a misconception between the decision and recognition. In early August Excelsior, a leading Mexico City newspaper and critic of the Obregón government, reported that Obregón had held a series of conferences with the Justices of the Supreme Court.⁴⁹ Although he later emphatically denied ever pressuring the Court to give a decision favorable to the American oil companies in Mexico,⁵⁰ Obregón undoubtedly advised the Supreme Court of his political situation.⁵¹

On August 30, 1921, the Mexican Supreme Court handed down a decision in the amparo proceedings brought by the Texas Company of Mexico in 1918.⁵² The case involved the

⁴⁹Summerlin to State, August 6, 1921, NA, 812.6363/926.

⁵⁰Obregón to Dover, September 23, 1921, AGN, 104-R1-D Pg 15-1.

⁵¹See the letter of Associate Justice Alberto M. Gonzalez to Obregón, September 27, 1921, explaining the vote of the majority of the Court on the decision (three dissenting opinions) and stressing the Court's "patriotic" effort. AGN, 731-A-11 (3).

⁵²The decision on the case was not written and filed until September 26th. The delay was caused by a lack of agreement on the actual wording of the document because each member of the Court produced a separate opinion explaining his vote. Summerlin to State, September 14, 1921, NA, 812.6363/978. Summerlin forwarded the decision when it had finally been prepared. Summerlin to State, September 27, 1921, For. Rels., 1921, 463-472.

petroleum rights of a piece of land owned by a Mexican who had transferred it to The Texas Company of Mexico for the exploration and the exploitation of the petroleum deposits. The Texas Company refused to comply with the petroleum decrees of 1918, and a Mexican citizen had denounced (or filed claim to) the property and had obtained a concession from the Mexican government to exploit the petroleum deposits. When The Texas Company challenged this denouncement, the lower courts upheld the action taken by the Mexican government. The Texas Company then appealed to the Supreme Court primarily on the basis of Article 14 of the Constitution of 1917 which stated that "no law shall be given retroactive effect to the detriment of any person whatsoever." The resulting decision was in favor of The Texas Company, and its petition for an amparo was granted on the basis of the violation of guarantees in regard to the stipulation of non-retroactivity provided for in Article 14 of the Mexican Constitution.

From the context of the decision two important points were derived. The first concerned retroactive application of the provisions of Article 27 relating to petroleum. Paragraph four⁵³ of Article 27 referring to petroleum was decided to be neither retroactive in letter nor in spirit since it did not "damage former rights legitimately acquired"

⁵³ Refer to the Appendix of this study.

prior to the promulgation of the Constitution on May 1, 1917. The second point dealt with the theory of acquired rights, also known as the doctrine of "positive acts." If the owner of the surface land had performed some "positive acts" declaring his intention to explore and to exploit subsoil mineral deposits, for example, petroleum, then the rights granted to the owner of the surface under the mining codes of 1884, 1892, and 1909, became "vested" or acquired rights not subject to denouncement⁵⁴ by the 1918 decrees. The implication was that Article 27 applied only to property on which no "positive acts" such as the erecting of drilling equipment, the laying of pipe lines, or the construction of storage tanks, had been undertaken to reduce the subsoil petroleum to the actual possession of the surface owner. It should be noted that the concept of the owner of the surface land not actually possessing the minerals beneath the soil until these had been brought to the surface was the ruling in several state and Supreme Court cases in the United States.⁵⁵ Though

⁵⁴See above, Chapter I, p. 18.

⁵⁵Refer to international lawyer Antonio Gómez Robledo, The Bucareli Agreements and International Law (Mexico: National University of Mexico Press, 1940), pp. 14-15, for examples of U.S. court decisions and the legal literature on the subject. In his analysis Gómez Robledo found several U.S. Supreme Court decisions which not only confirmed (local) state sovereignty over subsoil minerals, but also asserted that the superior power inherent in a state could regulate these minerals to the extent of rescinding any right of possession to them by the surface owner. A later Solicitor to the State Department, J. Rueben

these cases were not cited in the decision, the Mexican Supreme Court was surely aware of them.⁵⁶

Clothed in legal terminology and cautiously worded, the decision was not a clear-cut case. Although the Court made a distinction between subsoil rights acquired prior and subsequent to May 1, 1917, it had avoided a precise definition of the phrases "legally acquired rights" and "positive acts." The Court had given a constitutional interpretation, but a very limited and specific one. It was precisely on this point that the State Department took issue. The Department maintained that in the Mexican legal tradition Supreme Court decisions were not judicial precedents as under the Anglo-American legal system but only legal judgments on particular points in dispute.

Clark, quoted English and American law (including court decisions) to show that the principle of sovereignty over land or property contained within the opening paragraph of Article 27 and paragraph 4 of the same article was not novel in Mexico. In view of American law he discovered no "well-founded objection" against these provisions of the Constitution on the grounds of any absolute right of title to land or property. In the final analysis the Crown in English law and state governments in American law were the vested source of sovereignty (eminent domain) over surface land and its contents, a principle similar in essence to Article 27. Clark, "The Oil Settlement With Mexico," Foreign Affairs, VI (July, 1928), 605. Refer also J. P. Chamberlain, "Property Rights Under The New Mexican Constitution," Political Science Quarterly, XXXII, No. 3 (September, 1917), 370.

⁵⁶One Associate Justice, Alberto M. Gonzalez, had studied judicial procedure and constitutional law in the United States.

The same Supreme Court or a different one could reverse the initial decision on other similar cases in the future.

Once again the Department inadvertently failed to perceive the speciousness of its own argument. No court decision was ever strictly or absolutely binding, and the constitutional history of the United States contained numerous examples of reversals. As in other instances, Mexico, not the United States, was the country involved.

On a technical legal point, the Obregón government did argue on a judicial precedent. Under Mexican law five consecutive decisions without an intervening dissent or reversal by a court could establish the form of a precedent to be applied in future cases.⁵⁷ The basic ruling of the Supreme Court on The Texas Company amparo case was found in four similar decisions in November, 1921, February, 1922, and May, 1922, to two other American oil companies in Mexico, one of which was a subsidiary of Edward L. Doheny's interests in Mexico. By mid-1922 the Obregón government pointed to these five consecutive decisions by the Supreme Court which it claimed established a precedent. The Department merely rejected these decisions on the same line of reasoning as it used against The Texas Company amparo case.

⁵⁷Summerlin to State, September 14, 1921, NA, 812.6363/978; "Judicial Precedent in Mexican Law," Michigan Law Review, XXV, No. 1 (November, 1926), 62-65.

The State Department gave what it considered careful scrutiny to the August, 1921, decision of the Mexican Supreme Court. In a brief prepared on the decision, legal advisor J. R. Baker maintained that the legally acquired rights of American citizens in regard to petroleum had not yet been properly safeguarded.⁵⁸ The Mexican Supreme Court demanded some special act indicating the intention of the owner of a piece of land to have desired to acquire a right to the subsoil petroleum. Since the intention as well as the "positive acts" had to be declared prior to the promulgation of the Constitution, the decision in Baker's estimation was still retroactive.

In reporting the Department's evaluation of The Texas Company amparo decision, Under Secretary Fletcher expressed his disappointment to Harding that the decision had not unconditionally declared Article 27 to be non-retroactive. It was specifically limited to petroleum-bearing lands, he insisted, and had no direct relation to agricultural lands, church property and other real estate held by American citizens or organizations in Mexico.⁵⁹ In Fletcher's mind as in Hughes's, the primary

⁵⁸Fletcher concurred in the brief sent him by Baker. Fletcher to Baker, October 24, 1921, NA, 812.6363/1032.

⁵⁹In Hughes's absence, Fletcher handled the Department's report to Harding. Fletcher to Harding, November 14, 1921, NA, 812.6363/1028c.

difficulty with Mexico was not one of approach as Harding had indicated, but "rather one of fundamental differences with respect to the inviolability of private property." Fletcher insinuated that the Obregón seemed bent upon initiating an identical policy of "Bolshevik Russia" on property rights. Without definite assurances from the Obregón government prior to recognition, Fletcher feared there would be scant opportunity to obtain them afterward.

The oil companies in Mexico were also apprehensive about the Supreme Court decision. They had acquired extensive quantities of reserve land for future exploitation when their existing holdings were exhausted. This land remained in a state of uncertainty for the companies because they could not always present specific evidence to show that this land had been acquired for the purpose of the exploitation of the subsoil petroleum.

When Obregón delivered his annual address to Congress on September 2nd (at the close of his first fiscal year), he had not yet received recognition from the United States. During the nine months he had been in office, serious efforts had been made through both official channels and informal letters to reach a satisfactory settlement which would resume formal diplomatic relations between the two countries. In his address to Congress, however, Obregón presented an optimistic picture of his domestic achievements and efforts on the diplomatic scene to obtain

recognition.⁶⁰ His appeal was specifically directed to the Mexican Congress and the Mexican people to prepare them psychologically for the proposed line of action Obregón had suggested to the State Department both officially and informally.

His domestic program, as it was presented, emphasized that peace had been restored in Mexico, that all levels of government were functioning, business and industry revived, banks reopened, the army reduced in size, and land distribution in progress. On the foreign policy level Obregón informed the Congress that his government had given assurances that Mexico would fulfill its international obligations. Damages arising from the Revolution were to be settled through mixed claims commission. The executive and the legislative branch of the Mexican government had been joined by the Supreme Court in its recent decision to provide for a non-retroactive interpretation of Article 27, "thus affording a noble example of governmental solidarity." Such voluntary action by the Obregón government made the Treaty of Amity and Commerce proposed by the United States unnecessary. The Obregón government

⁶⁰The address is available in the printed correspondence, "The United States and Mexico: Notes and Official Statements Regarding the Recognition of Mexico . . ." International Conciliation, No. 187 (June, 1923), 16-22.

was made to appear patriotic in its rejection of this treaty while simultaneously shown to have taken the initiative in attempting to satisfy the requirements of the United States for diplomatic recognition.

Obregón's measures to obtain recognition during 1921, and continuing into 1922, were not merely restricted to formal notes and personal letters. He also relied upon an extensive publicity campaign within the United States to influence the American public. On the surface his propaganda program might have seemed to have been more successful in 1921 than his formal and informal diplomacy.

CHAPTER IV

"A PRACTICAL BUSINESS MAN ..."

When an editorial in the New York Times made a reference to Alvaro Obregón as "a practical business man of the conservative type,"¹ it reflected a changing sentiment by late autumn, 1920, among portions of the American public. Tension over conditions within Mexico had been gradually diminishing since Carranza's overthrow in May. The return of some degree of peace and security with less harassment to American lives and property by Mexican bandits and governmental pronouncements had relieved the United States.

Obregón represented the antithesis of Carranza. He was viewed as the prototype of a new ruling class within Mexico. From the energetic support he had received at the polls, Obregón appeared to be a "man of the people" as well as a skillful politician. His performance as the leader of the Constitutionalist Army during the civil war had proved him to be a capable military leader well respected by the army. On his farm in Sonora he was popular

¹New York Times, November 20, 1920, p. 12; see also editorials for October 9, p. 14; December 3, p. 14.

with the peons and was thought to be a shrewd business man. Compared to the traits of narrowmindedness and suspiciousness attributed to Carranza, Obregón repeatedly received from all those who came into contact with him compliments of common sense, good judgment, honor, integrity, sincerity, tact and resolution. Reflecting the characteristics ascribed to the new revolutionary generation--youth, education, progressive thinking, a sense of duty and mission--Obregón was represented as the man most likely and able to work out the problems of reconstruction within Mexico.

Obregón was no stranger to the United States. During 1918 he had visited and toured the United States at the expense of the Wilson administration. At that time the visit was a propaganda measure by the United States to counteract a pro-German sympathy in the Carranza government. Obregón's American-educated wife was an asset at official functions since she could speak English. During his tour of the United States in the autumn of 1920, Obregón stressed the theme of Mexico's transformation from disorder to a new era of peace, stability and prosperity.

The first reaction to a change occurring within Mexico in late 1919 and early 1920 came from U.S. business organizations and commercial groups. During 1919 Carranza for political and economic reasons had invited several excursions of American manufacturers, exporters, bankers

and chambers of commerce² from major U.S. cities³ on an officially guided tour of Mexico. The excursions were intended to give an optimistic impression of increased opportunities for trade and commerce in Mexico. Several American business men wrote books and articles depicting Mexico's unlimited natural resources and the opportunities to develop this natural market for the United States.⁴

The real stimulus for the interest of American business in Mexico began in the autumn of 1920. Those states which had continuously petitioned Washington during 1919 for action against Mexico--Texas, New Mexico, and Arizona--became the nucleus of the changing attitude. Hundreds of representatives from local chambers of commerce, merchant organizations, and banks within these states were conducted

²A commercial conference sponsored by the American Chamber of Commerce in Mexico and held in Mexico City in February, 1920, was reported to have had present five hundred members representing fifty-seven U.S. cities and twenty-seven Mexican cities. Mexican Review, February, 1920, p.34.

³A partial list would include Boston, New York, Philadelphia, Chicago, St. Louis, Cincinnati, New Orleans, San Francisco; in Texas--Dallas, El Paso, Houston, Laredo, San Antonio, and others. In a number of these cities Mexican merchants had been exhibiting their major products since 1918.

⁴For example, Philip H. Middleton, Industrial Mexico: 1919 Facts and Figures (New York: Dodd, Mead and Co., 1919); Edward Dwight Trowbridge, "Another Picture of Mexico," Outlook, September 10, 1919, pp. 56-57; "Mexican Events Warrant Belief That Better Times Are At Hand," The Americas (published by the National City Bank of New York), May, 1920, pp. 1-5.

on additional excursions throughout Mexico. The reports of these groups which were published in the press or sent to the State Department expressed a growing confidence in Mexico's future for trade and travel.⁵

With their large Mexican population and their proximity to the border of northern Mexico these states were a natural fertile ground for creating an atmosphere of friendliness and good will. Obregón's first visit to the United States as President-elect of Mexico was a tour of Texas. Wherever he went Obregón was welcomed by large crowds.⁶ Among the dinner guests at receptions for Obregón were the Governors of the states of Texas, New Mexico and Arizona, who had formerly recommended that strong measures be taken against Mexico. So effective was the changing attitude in the American Southwest and in California toward renewed hope in Mexico and sympathy for Obregón's aspirations that these states led by Texas were the first to request Obregón's recognition. Beginning in autumn, 1920, until early 1923 dozens of resolutions from southwestern chambers of commerce, business organizations, Protestant religious societies, and Mexican-American associations flooded the State Department. Resolutions from the south-

⁵For a report of some of these excursions in 1920 and 1921, see Harding Papers, Box 42 and 478.

⁶New York Times, October 8, 1920, p. 19; October 18, p. 1.

western state legislatures and state representatives and the governors of these states were more frequent in a three year period than were those from the other western and mid-western states. In general these resolutions pointed to the cordiality along the U.S.-Mexican border, the successful achievements and remarkable aspirations of the Obregón government and Mexico's desire for friendship with the United States, and often repeated Obregón's own arguments for recognition.⁷

During 1921 the series of excursions to Mexico increased so rapidly⁸ that an American firm, the Mexico-American Excursion Co., was contracted by Obregón to conduct them.⁹ In 1921 Mexico City was also the site of various international commercial congresses. The results of the excursions proved advantageous to Mexico. Comments by U.S. mining, engineering, chemical and railway equipment firms and other businesses pointed to lucrative trade opportunities in Mexico for all kinds of American products

⁷These resolutions may be found in the National Archives, Decimal File Group 812.00/ for 1920 through 1923, and in AGN, 104-R1-E-2 Pg 15-1. Occasionally these resolutions were printed in the press, magazines and in the (U.S.) Congressional Record.

⁸On a reciprocal basis the Confederation of Mexican Chambers of Commerce visited the United States during April, 1921.

⁹A later company supposedly transported over one thousand people on excursions. Data submitted by commercial agent, Mauricio Carranza, AGN, 104-R1-E-1 Pg 15-1.

whether of food, textiles, replacement parts, or agricultural and industrial equipment. Compared to postwar Europe, the financial and potential economic recovery of Mexico was viewed as most auspicious.¹⁰

Business and commercial organizations were not among the only groups which reflected a change in thinking about Mexico. Cultural and religious groups as well as liberal periodicals and other magazines and newspapers presented a reevaluation of Mexico with the progress being made under Obregón and pointed out the obstacles which his government faced.

A proposed cultural exchange of Mexican and American students sponsored by the American Chamber of Commerce of Mexico finally received support by early 1921. Over thirty private and state colleges and universities in the United States expressed interest and apparently participated in the plan to train and to educate Mexican youths.¹¹ In its bulletin the Foreign Policy Association emphasized the necessity for the United States to resolve its difficulties with a weaker nation such as Mexico without unduly

¹⁰ Refer to the report of the U.S. Bureau of Foreign and Domestic Commerce, Thomas R. Taylor and Bernard H. Noll, "Mexico as a Field for American Trade Expansion," Annals, XCIV (March, 1921), 76-80. See also, "Our New Market In Mexico," System: The Magazine of Business, February, 1921, pp. 194ff; "The Tide of Affairs," Century Magazine, July, 1921, pp. 472-474; "The Problem of Business with Mexico," Weekly Review, July 23, 1921, pp. 76-77.

¹¹ New York Times, February 26, 1921, p. 10.

wounding the latter's sensitivity or interfering in its domestic affairs.¹²

With Obregón's reconstruction program the Protestant Churches with missionary branches in Mexico welcomed the opportunity for increased missionary work and advocated friendship and cooperation between the two countries.¹³ The liberal magazines, the Nation and the New Republic, sharply criticized the non-recognition policy of the United States as an obstacle to Mexico's peaceful and stable development. Staunchly defending Obregón's position, these magazines made insinuations of an alleged conspiracy conducted by Secretary of Interior Fall, American oil interests and Wall Street bankers to dominate the Mexican policy of the Harding administration.¹⁴

¹²Charles P. Howland of the Foreign Policy Association sent a brief to Hughes entitled "In the Matter of the Settlement of Disputed Questions Between Mexico and the United States," April 20, 1921, NA, 812.00P81/13.

¹³William A. Ross, Sunrise in Aztec Land (Richmond, Va.: Presbyterian Committee of Publication, 1922); George B. Winton, "The Mexican Revolution and Missions," Missionary Review of the World, August, 1920, pp. 693-695; William Patterson Thirkfield, "Our Chance Next Door: The Opportunity That Offers After Revolution For Reconstruction In Mexico," Outlook, January 12, 1921, pp. 57-60.

¹⁴Paul Hanna, "Relations with the United States," Nation, April 27, 1921, pp. 614-617; John Kenneth Turner, "Why the Obregón Government Has Not Been Recognized?," Nation, June 1, 1921, pp. 783-785; "Bullying Mexico," Nation, June 22, 1921, p. 864; "Our Menace to Mexico," Nation, July 20, 1921, p. 60; "Mexico: Prosperity First," New Republic, June 22, 1921, pp. 95-96; "The Real Issue With Mexico," New Republic, July 13, 1921, pp. 182-183; "Obregón's Opportunity," New Republic, August 3, 1921,

Other magazines indicated that American business, while anxious for Obregón's success, was reluctant to offer the trade, investment, loans and credit necessary for Mexico's reconstruction as long as Obregón remained unrecognized.¹⁵ Despite the New York Times' defense of the State Department's policy as "unassailable" and "unimpeachable in logic,"¹⁶ a survey of newspaper opinion by early fall¹⁷ showed a favorable reaction to the conciliatory measures undertaken by the Obregón government to satisfy the demands of the United States for diplomatic recognition.

To some extent this changing sentiment was the result of Obregón's propaganda campaign in the United States for recognition. His appeal was directed to the U.S. Congress, to business and educators, and to the U.S. public in general. The technique was to utilize writers, speakers,

pp. 255-256; Frederick Starr, "Obregón in Mexico," New Republic, November 2, 1921, pp. 293-295. Refer to the Library of Congress for a series of privately printed pamphlets denouncing the anti-Mexican propaganda of the American oil companies in Mexico.

¹⁵Sunset, the Pacific Monthly, March and August, 1921, p. 15; 6; System, the Magazine of Business, October, 1921, p. 401ff.

¹⁶New York Times, February 1, 1921, p. 10; May 24, p. 14; June 9, p. 14; June 28, p. 14; January 26, 1922, p. 16.

¹⁷Literary Digest, September 17, 1921, pp. 11-12.

and literature. Obregón employed a well known English journalist Dr. Emile J. Dillon as his publicity writer. Dillon portrayed Obregón as the statesman of a new moral order in the world, a man above political conflicts and party interests whose role was hampered by the insecurity of lacking recognition from the United States.¹⁸ Over a two year period an ex-Senator from Arizona, J. L. Schleimer, was a paid lecturer to address state legislatures in the United States on the subject of Obregón's recognition.¹⁹ A close admirer of Obregón, Schleimer began addressing the state legislatures in the spring of 1921. As shown by his correspondence with Obregón, Schleimer's plan was originally to address the legislatures of primarily industrial states and those with a large constituency. Apparently a very gifted speaker, he was directly responsible for influencing nearly twenty-three state legislatures

¹⁸E. J. Dillon, "Alvaro Obregón: As Military Leader," Saturday Evening Post, November 20, 1920, pp. 14ff; Mexico on the Verge (New York: George H. Doran Company, 1921); "Mexico Revisited," Contemporary Review (London), November, 1921, 607-616; "Mexico and World Reconstruction," Quarterly Review (London), July, 1922, 145-162; President Obregón, a world reformer (Boston: Small, Maynard and Co., 1923; London: Hutchinson and Co., 1923).

¹⁹The State Department was aware of Schleimer's activities. Summerlin to State, August 17, 1921; April 7, 1923, NA, 812.00/25153, 26307.

in the Mid-West, the West and the South²⁰ to send resolutions to Washington petitioning for the recognition of the Obregón government.²¹ At least one other Senator, John Smith (R, Mich.), assisted him.

The Financial Agency of the Mexican Government in New York City during the early 1920's was under the direction of Obregón's most trusted aide, Manuel Vargas. The agency served both as a clearing house for propaganda funds and expenses of the Mexican consulates in the United States and as a valuable source of information concerning the activities of those Americans engaged in propaganda work.²² Vargas was convinced of the usefulness of propaganda in the United States. Whether or not a considerable majority of the American public was ignorant of conditions within Mexico or merely under the influence of adverse propaganda, Vargas reasoned that Americans were always

²⁰Whether Schleimer campaigned or was successful in the eastern states is doubtful since there were no recorded resolutions in the State Department archives from these states.

²¹The states for which resolutions exist in the State Department archives were Maryland, Kentucky, Virginia, Michigan, Indiana, Illinois, Wisconsin, Minnesota, Nebraska, Kansas, Oklahoma, Colorado, North and South Dakota, Nevada, Montana, Wyoming, Oregon, Louisiana, Texas, New Mexico, Arizona, California. NA, Decimal File Group 812.00/; AGN, 104-R1-E6 Pg 15-1.

The majority of these resolutions attributed their origin to an address by Schleimer in the state legislature.

²²See the reports of Manuel Vargas to Obregón, April 4, May 4, 1921, AGN, 242-A-1-D.

impressed by stability and favorable statistics. These were the points which he stressed in his propaganda work.

One example of Vargas's operations was the contract made with the New York Commercial, a leading and highly accredited business magazine. For the payment of six thousand dollars, thirty-seven thousand copies of a twenty-five page illustrated and editorialized supplement to the magazine were to be printed.²³ The supplement's summary of the resources and recent developments within Mexico was to impress upon the reader that diplomatic recognition would solidify Mexico's progress.

Until January, 1922, the Obregón government sponsored a monthly propagandist magazine in the United States, the Mexican Review. Begun by Carranza in 1916, the magazine offered feature articles on Mexican life and current conditions as well as official statements, statistics, and proposed legislation by the Mexican government. Issues were usually donated to large libraries and to leading colleges and universities. A final service performed by Vargas was his personal contacts. He was responsible for introducing Obregón to the prominent American business men with large investments in Mexico. He likewise kept Obregón in touch with the press.

²³Vargas to Obregón, April 7, 1921, AGN, 242-A1-D.

Obregón often received requests for feature stories from professional news agencies and for interviews from newspapers in the United States. In such cases he was always quick to reply with an explanation of his position on the Treaty of Amity and Commerce and with a repetition of his promises to fulfill Mexico's international obligations.²⁴ In 1921 the most widely quoted interview was Obregón's reply to the New York World printed in that paper on June 27th.

Propaganda activities cost Mexico a considerable sum. Each of the non-Mexicans employed by Obregón received extravagant salaries ranging from several thousand to seventy-five thousand dollars in payment for their services. The U. S. Consul General in Mexico reported in 1923 that the Mexican Foreign Office alone had spent nearly two million dollars on propaganda.²⁵ Other Departments of the Mexican government had spent a considerably lesser amount.

Within the United States changing sentiment toward Obregón and his propaganda was not left unchallenged. From 1921 through 1923 several organizations which opposed

²⁴For example, K. A. Bickel, General News Manager of United Press International, to Obregón, May 24, 1921; Obregón to Bickel, May 25, 1921, AGN, 104-R1-E-5 Pg 15-1.

²⁵Claude I. Dawson to State, January 29, 1923, NA, 812.20211/2. See also AGN, 104-R1-D Pg 15-1; 104-R1-S-6 Pg 16; 104-R1-E-8 Pg 16; 242-A1-M.

Obregón's recognition were active in disseminating their own propaganda to the U. S. press and magazines as well as in sending memoranda to the State Department. The most highly organized lobbying group, the National Association for the Protection of American Rights in Mexico, together with its main subsidiaries--the Association of the Producers of Petroleum in Mexico and the American Petroleum Institute--continuously protested against the various measures undertaken by the Obregón government as inadequate to fully protect the property rights of foreigners.

Since the propaganda of the National Association appeared in some opinion to be so exclusively directed toward the petroleum question in Mexico, other American property interests in Mexico formed their own organization. Alleging that over ninety-five percent of the members of the National Association had no voice in the organization, the American Association of Mexico was founded in 1921 to represent the rights of the small American investor in Mexico. Essentially endorsing those conditions for recognition which were reminiscent of the Fall subcommittee report and Hughes's June 7th press release, the association recommended that the United States retain a strong policy to make Obregón realize the seriousness of the situation.²⁶

²⁶New York Times, February 14, 1921, p. 13. Memorandum transmitted to Hughes by the American Association of Mexico, April 16, 1921, NA, 812.00/25427. Like the National Association, this organization published a monthly bulletin.

The same year another organization, the Association of American Owners of Lands in Mexico, was formed specifically to advocate the principle of protection to American property rights in Mexico (exclusive of the American oil interests). Like the other organizations, this association sent memoranda on its position to the State Department.²⁷ Throughout 1921 the Department did make diplomatic protests against a proposed agrarian law in the Mexican Federal Congress and on several proposed state agrarian laws. This legislation, the Department contended, involved an arbitrary procedure of expropriation and failed to provide sufficient compensation or a satisfactory manner of payment. Until the Bucareli Conference in 1923, however, the State Department seemed to regard the agrarian matter as a secondary and minor issue compared to the other problems it encountered with Mexico.

The final organization to defend U. S. property rights in Mexico was the International Association for the Advancement of Religious and Political Liberty begun in New York in 1922. Its Executive Secretary, Wilbur Bates, was the most polemical writer among all of the organizations disapproving of any recognition to Obregón.²⁸

²⁷William D. Kerr to Hughes, July 16, 1921, NA, 711.12/346; Malcoln C. Little, The Land Laws of Mexico (Los Angeles: Association of American Owners of Lands in Mexico, 1921).

²⁸Bates had an obsession about a "Bolshevik" government in Mexico. Bates to Hughes, March 13, 1922, NA, 711.12/442; March 30, 1922, NA, 812.00/26012.

In addition to the propaganda of these organizations, a series of purported scholarly and impartial studies on Mexico had been compiled and published under the auspices of the Doheny Research Foundation. The Foundation had been created by Edward L. Doheny, one of the first American investors in the Mexican oil fields at the turn of the century. Its purpose was to provide a collection of basic historical and statistical data on the background of the problems of Mexico for the evaluation and recommendations of scholars.²⁹ The men selected to conduct this research were for the most part recognized scholars in the area of Latin American studies. From their efforts five books were published in 1920 and 1921 based primarily upon the source material furnished by the Foundation.³⁰

²⁹A partial list of the specialists and journalists in the area of Latin America represented on the Doheny Commission may be found in U.S., Senate, Investigation of Mexican Affairs, I, 272-274. Doheny maintained that these men whom he had not met worked independently and were not influenced in any way to advocate intervention in Mexico. However Rev. George B. Winton, a representative of one of the Protestant missionary boards for Latin America, testified that he had formerly been a member of a committee sponsored by Doheny's Foundation to work on Mexican finances. When Winton (and apparently the committee) had not behaved as Doheny wished, Doheny suspended payment on the project and the committee was dissolved. Investigation of Mexican Affairs, I, 159-189.

³⁰The five books were: Walter F. McCaleb (Columbia University), Present and Past Banking in Mexico (New York: Harper & Brothers, 1920) and The Public Finances of Mexico (New York: Harper & Brothers, 1921); Chester Lloyd Jones (University of Wisconsin), Mexico And Its Reconstruction (New York: D. Appleton & Co., 1921); Wallace Thompson

The overall focus of these books was on the Porfirio Díaz period (1876-1911) of peace and stability in Mexico, during which time foreign capital and investment were welcomed. Compared to the economic development and the so-called "civilizing" progress made in Mexico by Díaz, the Mexican Revolution of 1910 was viewed by the authors as a disruptive force in Mexico. Arguing from their basic premise, their solution to Mexico's recent problems caused by the Revolution--directly or indirectly implied in a return to a form of paternalistic government similar to that of Díaz'--was partially correct. The assumptions by these authors, however, failed to consider the impact of the Revolution upon Mexican society and why Mexico could not make a complete reversal to the pre-revolutionary generation.

II

In Washington the State Department was well aware of, if not disgusted with, the organized propaganda which

(journalist), The People of Mexico: Who They Are and How They Live (New York: Harper & Brothers, 1921); Robert G. Cleland (ed.) (Occidental College), The Mexican Year Book: The Standard Authority on Mexico, 1920/21 (Los Angeles: Mexican Year Book Publishing Co., 1922). See also Cleland's sequel compendium, The Mexican Year Book: The Standard Authority on Mexico, 1922/24 (Los Angeles: Times-Mirror Press, 1924).

beseiged the capital for nearly two years. U.S. and Mexican citizens, the Mexican press, and foreign embassies offered thoughtful as well as humorous advice, malicious gossip, and innumerable suggestions concerning conditions in Mexico and on the recognition of the Obregón government. On one occasion Fletcher had remarked to Hughes in a sarcastic vein that some Mexican propaganda might well be balanced "by a little American propaganda at the White House."³¹ Harding once humorously remarked that one could obtain almost any type of report one wished on Mexico.³²

Zach Lamar Cobb, a former customs collector at El Paso, Texas, who had urged strong action against Carranza in 1919, had since become an attorney for the de la Huerta government. During 1920-1921 he frequently wrote to the Department on Obregón's behalf, expressing his confidence in Obregón's performance for which he deserved recognition. Colonel Harvey W. Miller (Acting Military Attache for the U.S. Embassy in Mexico City during the early 1920's), ex-Governor W. P. Hobby of Texas and Governor Philip Campbell of Arizona--all of whom had become friends of Obregón--

³¹Fletcher Memorandum attached to letter of Attorney Frederic N. Watriss to Fletcher, June 23, 1921, NA, 812.00/25418.

³²Harding to Attorney General Harry M. Daugherty, March 29, 1922, Harding Papers (Box 167).

expressed a similar message.³³ Private citizens from all walks of life passed on to the State Department numerous rumors of agents and counter-agents, alleged conversations, attempted top-level meetings, threats of "Bolshevism" in Mexico, character assassinations,³⁴ and often volunteered to act as intermediaries between Mexico and the United States.³⁵

Almost daily the press of Mexico City published some rumor of recognition, on several occasions alleging that it had been accorded. Usually the reported announcement occurred at a very convenient psychological moment; for example, when there was a hint of recognition in September, 1921, as a Centennial birthday present for the

³³At least one U.S. Consul in Mexico, C. H. Donaldson at Torreon, Coahuila, had favored Obregon's recognition. Consul General C. I. Dawson to State, May 9, 1923, NA, 123D711/143.

³⁴These letters as well as comments in the U.S. and Mexican press and magazines often severely criticized Fletcher, Fall and Harding. On the other hand Hughes was generally represented in 1921 as a just, honest and upright statesman--the public image Hughes himself wished to portray.

³⁵Two individuals, though sincere in motivation, were considered especially obnoxious by both governments. Juan Federico Philippi and J. P. Withers had both written to Woodrow Wilson and to the State Department during 1920. The following year they wrote letters even more frequently to the Department and also to Obregón. The Department passed off Withers as a "dangerous busy-body," and referred to Philippi as a "crank." Obregón informed Withers to discontinue his correspondence with the Mexican government, and described Philippi as a "'poor crazy nut.'"

Mexican Nation. Some of the leading daily papers of Mexico City as El Democrata, El Mundo, and El Herald de Mexico, were reputed to have the support, or to be under the official control, of the Obregón government. These papers generally expressed the most hostile anti-American attitude and continually praised Obregón's accomplishments. Other papers as El Universal, Excelsior, and Omega were more independent and often critical of the Obregón government. For example, Excelsior represented a conservative opinion. Least antagonistic to the position of the United States, it placed greater responsibility upon Mexico to meet the reasonable demands of the United States. While several of these papers may or may not have supported Obregón, in their overall national sentiment they were patriotic. Rejection by the United States of proposals made by the Obregon government often produced dramatic headlines in the Mexico City press defending Obregón's position.³⁶

³⁶For example, title page and editorial comment was expressed as follows: "The American Functionaries Who Insist Upon the Signing of a Treaty as a Condition Precedent to Recognition Will Have to Desist from their Purpose," October 5, 1921; "The Government of Mexico Has Nothing to Propose to the White House In Order to be Recognized," February 21, 1922; "Mexico Will Sign No Treaty Before Receiving Recognition," March 21, 1922; "Resumption of Diplomatic Relations With the United States Each Day More Likely," "The Government of President Obregón is Now Nearer than ever to Recognition," "Without Depreciation of the National Honor, Mexico Will Be Recognized," "Slowly but Steadily the American Government Has Been Doing Justice to Mexico," all August 9, 1922. See Summerlin's translations of headlines and editorials in his reports to the State Department, NA, Decimal File Groups 711.12/ and 812.00/.

Obregón realized the propaganda value of the press at home and abroad. Whether or not Obregón directly controlled or manipulated various newspapers, the press did offer him an opportunity to present preliminary announcement of shifts in policy and active support to proposals which his government was presently encouraging. Even Obregón's newspaper critics frequently aided his cause by their arguments about the political instability and scarcity of foreign capital in Mexico which resulted from the non-recognition policy of the United States. Washington remained highly dubious of the veracity of the Mexican press. As Chief of the Division of Mexican Affairs Matthew E. Hanna remarked with some justification, the Mexican press had been "especiallly facile in distorting facts until they give the particular impression which it is desired to convey."³⁷

The question of Obregón's recognition had become as early as the spring of 1921 more than a mere concern of the United States. Other foreign governments were inquiring of the United States for an anticipated date for recognition.³⁸ The embassies of Austria and Sweden,

³⁷Hanna to Hughes, April 25, 1922, NA, 812.00/26027.

³⁸Obregón had listed twenty-six countries--mostly in Latin America, some in Europe and a few in Asia--which he claimed had already recognized his government. (See above, Chapter III, footnote 25). The State Department accepted this information at face value since it was derived solely from the Mexican government and the Department could not attest to its accuracy. U.S., Congressional Record, 67th Cong., 2d Sess., March 25, 1922, 4536.

for example, had confided to the State Department that domestic pressure within their countries had become too strong to delay Obregón's recognition indefinitely.

The problem facing the Department in 1921 was how to request foreign governments to refrain from granting recognition to Obregón before the United States did. Acts of recognition by foreign governments would obviously impair the full effect of the policy which the Department was attempting to impress upon Mexico. In its estimate, recognition by foreign governments would tend to both discourage Obregón from fully complying with Mexico's international obligations (as viewed by the United States) and would be a useful propaganda tool to boost his political position in respect to the United States. Financially the Obregón government could be able to obtain some degree of credit, trade and investment from those countries which recognized it.

While the Department could not forcibly restrain foreign governments from the legal act of recognition, it used moral suasion to persuade as many governments as possible to cooperate with the United States. Of greatest concern were the two major powers of Europe--Great Britain and France³⁹--which by the early months of 1921 had not yet recognized Obregón. Recognition from these

³⁹Since late 1919 both countries had retained only a legation staff in Mexico under a Chargé d'Affaires.

two European powers would leave the United States isolated as the only major power in the world which had not recognized the Obregón government.

Both Great Britain and France had claims for damages to the life and property of their respective nationals and claims on the suspension of Mexico's debt payments to British and French bondholders. The French government was particularly concerned with the heavy French investments in Mexican banks and in the Mexican National Railways. Considerable pressure by French citizens had goaded the French government to contemplate the matter of recognition. In consultation with the Wilson administration, however, the French government was persuaded to delay action.⁴⁰ When Obregón later permitted certain Mexican banks where French capital was invested to resume operations, one of the primary anxieties of the French government was lessened.

The Harding administration acknowledged the existence of pressure upon foreign governments to recognize Obregón. After its press release of June 7th, the State Department unsuccessfully attempted to obtain a united front against Mexico by requesting as many countries as possible to make a public announcement in support of the

⁴⁰Under Secretary N. H. Davis Memorandum of a conference between Colby, Davis and the French Ambassador, February 10, 1921, NA, 812.00/27397.

U.S. policy.⁴¹ The British government was more willing to cooperate with the United States, and agreed to induce France to join the other two on the matter of a common policy toward Obregón's recognition.⁴² Through diplomatic persuasion France, and later Belgium and Cuba which were likewise facing domestic pressure, agreed by November to tacitly support the United States.⁴³ Nonetheless domestic pressure upon these governments did not cease, and the State Department received occasional notes to this effect.

Because of its cooperation with the United States, domestic pressure and propaganda for Obregón's recognition were particularly noticeable in Great Britain. The subject became a frequent matter of debate in the House of Commons. In addition to the Mexican consular agents and the Financial Agency of the Mexican government in London, Obregón had also employed several personal agents and sympathizers

⁴¹Fletcher (for Hughes) to Summerlin, August 4, 1921, NA, 711.12/350a.

⁴²Hughes Memorandum of an interview with the British Ambassador, October 17, 1921, NA, 811F8123/66-1/2.

⁴³The Department's position was reportedly strengthened in the early months of 1922 when it was learned that Spain had unconditionally recognized the Obregón government. A controversy later arose over the expropriation of property belonging to Spanish citizens in Mexico which Hughes interpreted as confiscation by the Obregón government. Whatever the details, the Spanish government was allegedly placed in an awkward position because it had unconditionally recognized Obregón. Hughes to Harding, March 25, 1922, NA, 812.00/25494.

in England to influence British commercial groups, exporters, and financiers.⁴⁴ One sympathizer, E. J. Bray (the European representative of the National Railways of Mexico), had worked in 1919 for the renewal of official diplomatic relations between the British government and Carranza. He was active again in 1922 on behalf of Obregón's recognition. Bray apparently held the confidence of the British Foreign Office because he nearly successfully had the Chargé of the British legation in Mexico City recalled on the basis of complaints from Obregón.⁴⁵

A pressure of a different sort for the Department came from the fifteen states of Central and South America which had already recognized Obregón by the spring of 1921.⁴⁶ Criticism by the diplomatic staff of these countries, especially Argentina and Chile, was pertinently directed against the American policy. A Chilean Minister argued that non-recognition of Obregón was an act of diplomatic impropriety.⁴⁷ The Argentine Minister to Mexico had urged

⁴⁴See AGN, 242-A2-F; 104-R1-I-2 Pq 16; 104-R1-B1 Pq 15-1.

⁴⁵Bray's reports to Obregón in 1922, AGN, 104-R1-I-2 Pq 16; Summerlin to Hanna, April 22, 1922, NA, 711.12/432. H.A.C. Cummins, who had made himself quite obnoxious to Obregón, was finally declared persona non grata in June, 1924, and he was recalled by his government.

⁴⁶Cuba, the Dominican Republic, Haiti and Venezuela had not recognized Obregón.

⁴⁷U.S. Chargé d'Affaires ad interim of Costa Rica to State, October 3, 1921, NA, 711.12/365; Hanna Memorandum to Hughes, April 7, 1922, NA, 812.00/26097.

Obregón to continue to refrain from signing the Treaty of Amity and Commerce prior to recognition, because signing this treaty would create a precedent which the United States could employ throughout Latin America.⁴⁸

In addition to these comments from diplomatic sources were opinions expressed by the educated elite within Latin America. The former Director of the Pan American Union, John Barnett, had sent out a questionnaire in January, 1922, to approximately two hundred leading statesmen, writers, and editors in Central and South America. Barnett's aim was to obtain a frank opinion about the image of the United States in Latin America and what the United States might do to promote a Pan American friendship and solidarity. Though he was collecting this data for the purpose of scholarly publication, the answers were so crucial in his opinion to the problem of Mexico that Barnett decided that the State Department and Harding should be made aware of them.⁴⁹ Of the one hundred sixty-one replies Barnett had received by mid-March, 1922, one hundred forty-one of them stressed the necessity of the immediate recognition of the Obregón government with concessions if required; but at least recognition, and in accordance with the dignity

⁴⁸ Summerlin to State, October 12, 1921, NA, 711.12/366.

⁴⁹ John Barnett to State Department, March 20, 1922, NA, 812.00/25508.

and sovereignty of both countries involved. Barnett's findings were confirmed, he discovered, by his contacts with representative Americans in thirty-two states who had desired the rapid renewal of diplomatic relations with Mexico.

Harding was convinced that Barnett's findings correctly portrayed the sentiment of the Latin American countries.⁵⁰ In the Mexico City press Barnett's questionnaire, the results of his survey and Harding's reply to Barnett received large headlines.⁵¹ To Hughes, however, representative opinion throughout Latin America had been frequently and correctly informed of the position of the United States, and most of this opinion, he asserted, was in favor of the U.S. point of view. Hughes dismissed Barnett's questionnaire as merely propaganda.⁵²

Of a more serious nature and receiving greater attention from the State Department were the reports in the press and from official dispatches of the rising influence of "Bolshevism" in Mexico⁵³ and of conspiratory activities

⁵⁰ Harding to Hughes, March 21, 1922, NA, 812.00/25494.

⁵¹ Summerlin to State, March 24, 1922, NA, 711.12/420.

⁵² Hughes's reply to Harding, March 21, 1922, NA, 812.00/25494.

⁵³ The term "Bolshevik" rather than "Communist" was used in the early 1920's to refer to the Bolshevik takeover of power in Russia in November, 1917. Members of the Third or Communist International (also referred to as Bolsheviks) were active in Mexico during the 1920's.

against the Obregón government. In 1920 rumors had spread of supposedly "Bolshevik" tendencies within de la Huerta's cabinet. During Obregón's administration occasional mention was made of so-called "Bolshevik" supporters among his cabinet, especially General Calles and General Alvarado,⁵⁴ and among the labor movement.⁵⁵ Obregón himself was often viewed as a well-intentioned Mexican patriot but was misled by those (unidentified) "Bolshevik" traitors who were making him a figurehead.

Anticipating this reaction, Obregón in the spring of 1921 was supposed to have declared persona non grata in Mexico several (unidentified) foreigners who were expounding on "radical" ideas. On the other hand, Obregón did utilize the term "Bolshevism" as an advantageous propagandist technique. Remarking to Colonel Miller (the Acting Military Attaché of the U.S. Embassy in Mexico City) on the increase of "Bolshevik" sentiment in Mexico, Obregón informed him that without diplomatic recognition from the United States his government would be unable to consolidate its position. If his government fell for lack of

⁵⁴See above, Chapter III, footnote 12.

⁵⁵New York Times, April 3, 1921, p. 7; May 18, p. 19. The N. Y. Times considered a "Bolshevik" tendency to be a very real potential danger because Obregón was forced politically to appease his "radical" supporters. N. Y. Times, May 19, 1921, p. 14; December 23, p. 12. See also Albert W. Fox, "Obregón Losing Hold," Washington Post, March 28, 1921, p. 1.

recognition, the United States was largely responsible for any increase or the take-over of "Bolshevism" in Mexico.⁵⁶ Obregón may have deliberately chosen Colonel Miller who as a personal friend would have more credulously transmitted this conversation to the State Department. Because of the campaign program to restore peace and security in Mexico, neither Obregón nor the Foreign Office explicitly mentioned "Bolshevism" as a threat in their correspondence with the State Department. Indirect reference instead to a "Red scare" in Mexico would usually be made by some "unidentified highly placed official of the Mexican government."⁵⁷

The State Department, which had not accorded diplomatic recognition to the government in Soviet Russia, did identify a similarity of problems in the granting of recognition to both the Russian and the Mexican governments. Though only one direct reference was ever made in the Department to a comparison of the attitude and the

⁵⁶The oral conversation was reported to the Department by Acting Chargé d'Affaires in Mexico, Matthew H. Hanna, May 18, 1921, NA, 812.00/24991.

⁵⁷As mentioned in the New York Times, November 13, 1920, p. 1.

diplomatic impasse in both Soviet Russia and Mexico,⁵⁸ the implication of an arbitrary confiscation of property and of the inadequate protection to the lives of U.S. citizens was associated in the mind of the Department with both countries.

The reports from the U.S. Chargé d'Affaires in Mexico George Summerlin and from the U.S. Consul General in Mexico City Claude I. Dawson, which often dwelt on "radicalism" (without specifically defining it) and on anti-American sentiment in Mexico, merely heightened this suspicion. Summerlin and Dawson,⁵⁹ antagonistic to Obregón as their reports revealed, claimed that their information had been obtained from reliable sources. Although some of their information was accurate and penetrating, a considerable portion presented only interesting sidelights. Dawson's reports were usually written in such a frantic and highly

⁵⁸Hanna Memorandum to State, April 24, 1922, NA, 812.00/26097. However Hanna cautioned that, since the Mexican press utilized Hughes's statements at press conferences as propaganda, it was advisable to make no mention of the Department's association of recognition for both Mexico and Russia. Hughes apparently concurred on this point. See also Zach L. Cobb's letter to Assistant Secretary of State Leland Harrison on May 4, 1922, notifying the Department of the careful observance by Mexican politicians and the press of the domestic policies of Soviet Russia and the attitude of the European powers and the United States toward Russia's recognition. NA, 812.00/25808.

⁵⁹Both men had served in these same positions when Carranza was President of Mexico. Their attitude toward Carranza bore resemblance to their dislike of Obregón.

credulous tone that they were undoubtedly regarded as somewhat exaggerated and were never seriously considered.

The Director of the U.S. Consular Service, W. J. Carr, once advised Hanna of the Division of Mexican Affairs that Dawson's reports on political conditions in Mexico surpassed the duties and obligations of his post in Mexico.⁶⁰ Because of Summerlin's position as the chief official source for the Department of information on Mexico, his regular dispatches were the basis for the policy reports of the Division of Mexican Affairs. In his personal letters to Hanna, Summerlin advised of the continued need for the United States to adhere to its "sound policy" which would eventually be triumphant regardless of the time spent.⁶¹ Like Fletcher before him, Summerlin had learned little of Mexico during his past five years.

For nearly three years the Department had received letters, memoranda and visits from various factions in Mexico suggesting the dismissal or the overthrow of the Obregón government. Each faction, of course, claimed the support of the majority of the Mexican people. Since late 1920 certain Mexican conservatives had expressed their opposition to what was termed the extremist policy of the

⁶⁰Attached Memorandum from W. J. Carr to Hanna, June 28, 1922, NA, 812.00/25671.

⁶¹Hanna to Hughes, April 11, 1922; October 27, 1922, NA, 812.00/26097, 812.6363/1253.

Carranza government and of the later Sonora group (de la Huerta, Obregón, and Calles) toward the Revolution of 1910.⁶² Though these individuals did not imply a complete return to the policy of the Díaz era, they did desire to restore the Constitution of 1857--with necessary amendments--and to provide some beneficial application of the goals of the Revolution. Seeking a rapprochement with the United States, they reiterated the usual ambiguous phrases of respect for legitimate American interests and legally acquired rights. Some letters written by Mexican citizens were probably sincere in expressing a lack of confidence in the Obregón government. Summerlin reported that a supposedly close friend of Obregón thought it best for Mexico to either accept the Treaty of Amity and Commerce or to request Obregón's resignation so that another President might be elected to consent to the valid demands of the United States.⁶³ There were even some suggestions, particularly among various American oil companies in Mexico, that the United States directly support, or at least

⁶²Jorge Vera-Estañol, author of Carranza and His Bolshevik Regime (Los Angeles: Wayside Press, 1920), initially supported Obregón in 1919-1920. Consult also Essay On the Reconstruction of Mexico, a series of articles written in early 1920 on the Carranza government and on Provisional President Adolfo de la Huerta by a group of educated and professional Mexicans in exile in the United States.

⁶³Summerlin to Fletcher, July 8, 1921, NA, 812.00/25084-1/2. Summerlin considered that the lawyer Eduardo Mestre G. was sincere.

acquiesce in, a coup against the Obregón government so that a group friendlier to the United States could acquire power. Hughes however refused to discuss the subject.⁶⁴

In late 1921 and throughout 1922 the existence of revolutionary groups along the U.S.-Mexican border, especially in southern Texas and in the southern part of the state of California, had created a definite problem of the violation of the neutrality laws of the United States. Since 1920 the State Department had requested the Attorney General's Office to take necessary precautions to prevent such violations. A strict legalist, Hughes would permit no such infractions. Unsubstantiated rumors of secret meetings, hideouts, smuggled weapons and ammunition and potential raids--along the nearly 1,614 mile border between the United States and Mexico--made the strict control of these activities difficult. However, the U.S. Army patrol along the border, special agents of the Bureau of Investigation of the Department of Justice, and secret agents of the Mexican government were usually able to keep a fairly close watch on suspected conspirators, to arrest the minor leaders and to confiscate stored weapons and ammunition.

In Congress Representative Thomas Connally (D, Tex.) introduced a resolution (H. Res. 273) on January 26, 1922,

⁶⁴See Hughes's interview with Manuel Calero, a lawyer of the Huasteca Petroleum Company (an Edward L. Doheny interest), June 29, 1921, LC, Hughes Papers (Box 176, No. 90).

for the investigation of the activities of certain American interests in Mexico which he charged with the instigation of rebellion against the Obregón government. The National Association for the Protection of American Rights in Mexico and the American Owners of Land in Mexico were specifically mentioned, though the American oil companies in Mexico were also clearly implied.⁶⁵ Nevertheless this resolution was shelved along with the resolution (H. Res. 280) of Representative John Benham (R, Ind.) on February 6, 1922, for an investigation of Obregón's propaganda in the United States.

While the rumors of revolutionary activities along the border received widespread coverage in the press, reports from the special agents of the Department of Justice pointed out that these activities were exaggerated by the Mexican government for propaganda purposes.⁶⁶ The U.S. and Mexican press dispatches were normally taken from information released by Mexican consuls or Mexican secret service agents along the border who were deliberately

⁶⁵ According to the Mexican Minister of Foreign Affairs, the Mexican revolutionists were receiving a considerable amount of money and military supplies from American oil men in Mexico. Alberto J. Pani to Torreblanca (Obregón's personal secretary), March 28, 1922, AGN, 104-P1-P-3 Pg 15.

⁶⁶ See the reports made in 1922 by Special Agent of the Department of Justice, Gus T. Jones, to Attorney General Harry M. Daugherty. These reports may be found in LC, Pershing Papers (Box 178). General John J. Pershing was Chief of Staff of the U. S. Army from 1921 through 1924. Jones's reports were confirmed by other agents. See Harding Papers (Box 167).

paid to manufacture evidence. According to the investigatory reports the Mexican Consular Service in the American Southwest and in New York City, composed of special agents rather than the usual consular officials, operated a vast intelligence and propaganda front. The revolutionary bands themselves were actually small, unorganized, and had already been infiltrated by Mexican secret agents. The conclusion reached by the agents of the Bureau of Investigation was that the situation along the border was well under control.⁶⁷

Confronted with such abundant propaganda either for or against Obregón's recognition, the State Department seemed unimpressed and remained dogmatic in its policy. According to Hughes, a considerable number of persons of some importance had "diametrically opposed" views concerning recognition and conditions in Mexico.⁶⁸ These individuals, he pointed out, possessed vast property interests

⁶⁷ If the special agents of the Obregón government were exaggerating conditions along the border as a propaganda device, Obregón had access to the intelligence reports of the U. S. Army and of the Department of Justice for a close check upon any real activity of Mexican revolutionaries in the American Southwest. Refer to the report for the U. S. Army made at San Antonio, Texas, December 24-27, 1921, sent to Obregón by Mexican Consul E. D. Ruiz; the report of an agent of the Department of Justice on April 26, 1922; AGN, 104-R1-L. In addition to these intelligence reports Obregón received copies or originals of personal letters and telegrams which were carefully forwarded to Mexico City. Obregón had a proficiency for gaining sympathizers from all walks of life.

⁶⁸ Hughes to Secretary of Commerce Herbert Hoover, May 28, 1921, NA, 812.00/25010-1/2.

in Mexico and had been acquainted with the conditions within the country for many years. With the diversity of opinion on Mexico and until all the data had been carefully evaluated, Hughes had recommended that the Department determine a policy which would tend to "conserve" the interests of the United States.⁶⁹ That policy materialized in Hughes's press release of June 7th,⁷⁰ which Hughes saw no justification to alter in the closing months of 1921.

It was soon evident to the Department that some individuals and groups within the United States and abroad were not convinced of the sincerity of its policy. In a few instances Hughes himself apparently was exasperated by the continuous flow of letters and memoranda to the Department. In one case Hughes painstakingly replied to Representative John N. Garner (D, Tex.) that the purpose of the proposed Treaty of Amity and Commerce was merely to seek a "common ground of a clear understanding" between the two countries.⁷¹ In his estimation the treaty was not an ultimatum but an effort to insure to American citizens in Mexico the security and protection which they were justly entitled to receive under international law.

⁶⁹Ibid.

⁷⁰See above, Chapter III, pp. 91-93.

⁷¹Hughes to Garner, August 13, 1921, NA, 812.00/25133.

Noting the rapidly changing attitude on the part of many American interests in Mexico who had previously been opposed to recognition, Harding concurred in Hughes's presentation of the Department's policy as the best possible analysis under the circumstances.⁷² Those individuals with quick and simple solutions regarding Mexico, he later commented, knew little of the actual complexities involved.⁷³ Though not always tactful, the United States in Harding's opinion had made every effort to reach an understanding with Mexico.

In Mexico City Obregón despite his calculated propaganda program was sometimes bewildered and irritated like Washington over unintentional circumstances. Obregón as Harding was often embarrassed by sincere Americans who purported to be representatives of his government, but lacked any official credentials or even his knowledge. In addition to letters of praise and sympathy Obregón suffered from a similar variety of advice, recommendations, plans for recognition, and suggestions for publicity campaigns. For two years a number of Americans continually assured Obregón of immediate recognition because of their alleged influence or connection within the Republican

⁷²Harding to Fletcher, November 19, 1921, NA, 812.6363/1042-1/2.

⁷³Harding to Attorney General Daugherty, April 6, 1922, Harding Papers (Box 167).

Party, in Congress or in the Harding administration. If Obregón derived any value from this abundant triteness, it might have been some limited gauge of his popularity in the United States.

By the early months of 1922, however, Washington had become increasingly suspicious of any propaganda or reports concerning Mexico. The deadlock in relations between the United States and Mexico appeared to be forecast for a considerable time in the future. In the meantime Obregón was active in attempting to solve another pressing difficulty--the question of Mexico's finances and its foreign debt.

CHAPTER V

PETROLEUM AND THE FOREIGN DEBT

Recurring themes which had plagued Mexico since its independence in the early nineteenth century had been domestic political strife and corruption in government. Frequent revolts had necessitated the maintenance of large armies on the part of contending leaders, which in turn occasionally led to intervention by European powers. These revolts not only left economic instability within the country but the national treasury too often became the personal property of the particular faction in power at the time. Tax receipts from a primarily agricultural nation were inadequate to meet the demand for revenue. To buttress Mexico's depleted financial resources nearly every government in power since 1821 had been forced to seek loans abroad from banking houses¹ on the strength of Mexico's custom duties² as collateral.

¹The bonds or securities were usually obtained by the floating or the selling of bonds attached to the government in question by banking houses within their respective countries.

²Since Mexico depended upon an export economy of raw materials, the greater portion of the governmental revenue was derived from the export and import duties.

Domestic turmoil, military coups, and foreign intervention, however, usually disrupted the collection of the custom duties--the major source of governmental revenue as well as the security for loans. Inevitably most Mexican governments were unable to meet the regular payments on the debt, which led to an arrears of the interests and then to a defaulting on the principals of the loans. The common procedure was thereby to obtain a new loan with a funding of the previous debt. Rather than eliminating Mexico's indebtedness, each government had merely consolidated and increased it.³ The one exception to this incessant theme was the Porfirio Díaz period.

With the decade of revolution Mexico's financial system ceased to function.⁴ The Revolution had interrupted the normal channels of business and commerce. Banking and credit facilities and the use of metallic money were abandoned. The paper currency issued rapidly depreciated in value with the high inflation. The payment of the interest on the debt owed the foreign bondholders had been suspended since 1912.⁵

³Edgar W. Turlington, Mexico and her Foreign Creditors (New York: Columbia University Press, 1930), has provided an excellent analysis of the background of Mexico's foreign debt in Chapters 1-6 inclusive. Refer also to Thomas R. Lill, National Debt of Mexico: History and Present Status (New York: By the author, 1919).

⁴Turlington, op. cit., Chapters 7 & 8.

⁵Ibid.

When Obregón took office in December, 1920, it was quickly apparent that his program of reconstruction as well as the operating expenses of his government depended upon the financial conditions of the country. In the early months of 1921 Mexico's domestic capital reserves were inadequate. Mexico's banking facilities were recovering slowly. Credit depended upon confidence both in the government and in the economy. To inaugurate a thorough program of reconstruction, then, required extensive funds which were not accessible in Mexico. A foreign loan, accompanied by an appeal for widespread investment in Mexico, was undoubtedly the quickest means of obtaining the needed capital. Such a loan was difficult enough to secure on the basis of Mexico's prior financial record without the addition of numerous obstacles posed by the Revolution. Furthermore the absence of diplomatic recognition complicated the financial situation for Obregón. The leading banking and investment firms of Europe and of the United States⁶ which would make a loan to foreign governments were generally reluctant to risk loans even at high interest rates to any government which lacked diplomatic recognition. Though diplomatic recognition theoretically implied no guarantee of a country's financial health, it was a legal accreditation of a government

⁶Obregón's potential source of a loan was limited by World War I. Primarily due to the war the United States had preempted Europe's prior role as the world's banker.

within the community of nations. Banking and investment firms were guided by the potential risk of their investment, and recognized governments appeared on the surface at least to possess a more secure footing.

Obregón was aware that the financial pressures facing his government were indirectly connected with diplomatic recognition, particularly with reference to the United States. The general policy formulated by the State Department had maintained that a government to be recognized respect its international obligations. One of these outstanding obligations which both the United States and Obregón were in agreement was Mexico's foreign debt. Since 1920 Obregón had publicly associated the foreign debt with the fulfillment of Mexico's international obligations. If Obregón concluded a satisfactory arrangement with Mexico's foreign creditors, then perhaps he had a better bargaining position both for recognition and for a substantial loan.⁷

To resume the payment on the foreign debt Obregón needed capital. Revenue from Mexico's agricultural products, from inheritance and land taxes proved to be insufficient. Some austerity measures as reducing the army and keeping the expenses of the government to a minimum

⁷Most of the bonds by 1921-1922 were in the possession of banking houses.

were short-run efforts. Mexico's mining industry suffered from a sharp drop in prices during the postwar depression from 1920 through 1922. Mexico's only industry which appeared to be in a booming stage was the petroleum industry.

An extensive report made in early 1921 by the Technical Commission on Petroleum of the Ministry of Industry, Commerce and Labor investigated the existing and potential oil-bearing regions of the country, the petroleum companies operating in Mexico, the percentage of actual production, and the overall valuation of the petroleum industry.⁸ Granting that the greater majority of oil fields had not yet been explored, the report concluded that there was a total of 367 producing oil wells by January 31, 1921, with a potential daily production of approximately 2.6 billion barrels; by April 20, 1921, there were 395 producing wells with a daily capacity of 3,717,495 barrels, or an average of 9,417 barrels per well.⁹ On the basis of the statistics presented in the report Mexico ranked second only to the United States

⁸Report of the Technical Commission on Petroleum, AGN, 104-P1-P-22.

⁹These statistics represented maximum figures. Since this report and others were usually dependent upon the figures of the petroleum companies, the figures should be regarded as estimates.

in the production of petroleum, furnishing twenty-three percent of the total world output.

The rapid increase in production within the past half-dozen years, which the report did not elaborate on, was due partly to the demands of World War I and in part to the desire of the foreign oil companies to exploit as much petroleum as possible before further restrictive decrees were passed by the Carranza government. Moreover the physical property of the Mexican petroleum deposits made the oil gush forth with little, if any, pumping whereby the wells seemed inexhaustible and profits considerably more tempting.

On the basis of the Commission's report, however, only 7.7 percent of the petroleum production in Mexico was found to be used for domestic consumption. The greater percentage of production was being exported by oil companies which were primarily foreign-owned or controlled. Until 1912 these companies had paid no substantial tax on the petroleum refined or exported, and the taxes imposed after that year were disproportionate to the petroleum production in Mexico. The conclusion of the report reaffirmed that the valuation as well as the development of the petroleum industry in Mexico, which had tripled within the first decade of its growth and had doubled by 1920,¹⁰ had not

¹⁰ See above, Chapter I, footnote 14, for the statistics of production from 1901-1920.

proportionately benefited Mexico. Petroleum then was Mexico's most valuable natural resource as well as a potential source of revenue.

The significance which this report impressed upon Obregón can be best understood in view of a so-called threatened petroleum crisis in the world beginning about 1919 and lasting into the early 1920's.¹¹ Since the war the widespread uses of petroleum as a fuel supply had become increasingly evident in the merchant marine, in industry, transportation, and on the farm as well. Considerable pessimism developed by 1919 over the adequacy of future oil reserves in the United States. Alarming estimates, regarded as reliable by petroleum experts of the Fuel Administration of the United States Geological Survey and of the United States Bureau of Mines, forecast the exhaustion of all available domestic reserves within one or two decades.¹² With an inevitable increased con-

¹¹The "oil scare" became the topic between 1920 and 1923 of numerous monographs, articles, pamphlets and scientific journals by geologists, journalists, the National Association for the Protection of American Rights in Mexico, the American Petroleum Institute and other groups. After 1924 public interest of Americans in overseas oil resources waned as new oil fields were discovered in the United States. The best brief study of the controversy is Herbert Feis, Petroleum And American Foreign Policy (Stanford, Calif.: Food Research Institute, Stanford University, 1944), pp. 3-10.

¹²In December, 1919, and during the early months of 1920 these officials besieged the State Department with their warnings. See NA, Decimal File Group No. 812.6363/ for those dates.

sumption of petroleum, these experts recommended that the United States government secure sufficient petroleum resources for its own domestic use by encouraging and protecting American oil companies abroad. The fear spread that other countries, especially Great Britain and the Netherlands, were seeking to acquire exclusive commercial and political control over the most promising foreign sources of petroleum production in the world. As a result of several investigations¹³ the evidence revealed an attempt by the British and the Dutch governments to monopolize oil fields in the Middle East, the East Indies, and in northern South America (Colombia and Venezuela), and thereby to exclude American oil companies. With its estimated unlimited petroleum reserves Mexico was usually emphasized in these investigations as the nearest and most natural petroleum supply for the United States.

Mexico did not become directly involved in the scramble for the division of the oil fields of the world.¹⁴ Accord-

¹³Acting Secretary of State Frank A. Polk to Woodrow Wilson, May 14, 1920, For. Rels., 1920, 351-369; "Foreign Ownership in the Petroleum Industry," Annual Report of the Federal Trade Commission for the Fiscal Year Ended June 30, 1923 (Washington, D.C.: Government Printing Office, 1923).

¹⁴When requested in 1924 to provide information concerning the securing of oil concessions for U.S. companies abroad, the State Department replied that no effort in this respect had been made in Mexico since March 4, 1921. R. C. Tanis, Chief of the Division of Mexican Affairs, to Under Secretary Leland Harrison, March 20, 1924, NA, 812.6363/356.

ing to a report by the Latin American Division of the Bureau of Foreign and Domestic Commerce two-thirds of the producing wells within Mexico by the early summer of 1920 were owned and operated by American companies.¹⁵ The total investment of American capital in Mexico's oil fields was seventy percent. British and Dutch capital held approximately twenty-seven percent, while Mexican and Spanish capital netted a mere three percent. Of the total petroleum exports from Mexico in June, 1920, seventy-one percent were shipped to the United States while four percent went to Great Britain. The remaining twenty-five percent was consumed in Mexico or shipped elsewhere to Europe or to South America. Though numerous new companies were established in Mexico, American investment in petroleum during the early 1920's remained predominant.¹⁶

On June 7, 1921, Obregón startled the foreign oil companies in Mexico by announcing a decree, to become effective on July 1st, which established a specific and indiscriminate export tax of twenty-five percent on all

¹⁵U.S., Bureau of Foreign and Domestic Commerce, "The Petroleum Industry in Mexico," Commerce Reports (Daily Consular and Trade Reports), September 13, 1920, 1213-1231. This report estimated that only twelve percent of Mexico's potential capacity was being exploited.

¹⁶Leonard M. Fanning, American Oil Operations Abroad (New York: McGraw-Hill Book Company, Inc., 1947), p. 27, listed over twenty-five American companies active in petroleum production in Mexico during the early 1920's.

petroleum and petroleum products. Graduated rates were set for refined gas, crude and refined kerosene, and lubricants. The avowed purposes of the decree were to obtain revenue both for the operating expenses of the Mexican government and for the renewal of the interest payments on the foreign debt.¹⁷ To Obregón the application of this petroleum tax on Mexico's most valuable and most productive natural resource seemed a sound and reasonable measure. The Mexican government would have a considerable and an immediate source of revenue with the burden of taxation placed upon those who were obtaining the greater proportion of profits from Mexico's natural resources. With the revenue obtained from the tax, payment on the foreign debt could be resumed to satisfy Mexico's foreign creditors as well as to reestablish Mexico's credit in the financial world. In short, the oil companies in Mexico would assist in the payment of Mexico's foreign debt. As later events revealed, Obregón's insistence on extensive publicity of the application of this tax to the foreign debt¹⁸ was in part an attempt to open negotiations with

¹⁷Summerlin to State, June 8, 1921, For. Rels., 1921, 447-448.

¹⁸Obregón to Manuel Téllez, the Mexican Chargé d' Affaires in Washington, June 11, 1921, AGN, 104-P1-P-13 Pg 15. See also E. J. Dillon, "Taxation or Confiscation in Mexico," Nation, August 3, 1921, pp. 117-119. As Obregón's chief publicity agent, Dillon presented the semi-official viewpoint for the American public.

the oil companies who naturally protested this tax.

The decree of June 7th was also designed to preserve Mexico's natural resources¹⁹ in view of the world's "oil scare" by curbing the excessive and wasteful exploitation of petroleum. Extensive drilling and the force of the oil gushers' volume had rapidly depleted the oil beds under some of Mexico's well known producing wells. Salt water from the Gulf then appeared in the shafts.²⁰ Though Mexico's potential oil fields had not yet been explored, a report by a respectable American mining engineer in February, 1921, had warned that the producing petroleum reserves of Mexico would be exhausted within a few months to less than two years.²¹ Although later proved to be erroneous, his estimate initially began a rush by the oil companies to drill new wells. Obregón likewise acted on the faith of this report in an effort to conserve Mexico's most valuable and taxable natural resource. Moreover many of the oil companies were not careful in catching all the oil flow from the gushers. A considerable amount

¹⁹The power to levy a tax on petroleum reasserted in this decree the authority of the federal government to protect Mexico's natural resources which belonged by direct ownership to the Mexican Nation. This decree was in effect an application of Article 27 of the Constitution of 1917.

²⁰Secretary of Commerce Herbert Hoover to Hughes, May 13, 1921, NA, 812.6363/880.

²¹Ibid.

of crude petroleum was lost on the ground. To guard against this laxity the decree placed a heavy tax penalty on the waste of crude petroleum.

Obregón's decree served a further end by forestalling debate in the United States relative to the creation of an import tax on Mexican petroleum.²² In the spring of 1921 as part of the general debate in Congress on tariff policy a proposal was made which imposed a tariff of \$1.50 per barrel on the importation of crude oil into the United States. The proposal was sponsored by the large and the small independent oil producers in the United States who represented nearly twenty thousand companies in the central and southwestern states. Claiming to have owned and operated almost eighty-two percent of the petroleum production in the United States, these producers charged that the subsidiaries of the Standard Oil Company (of New York and of New Jersey) in Mexico and the Edward L. Doheny petroleum interests in Mexico were shipping eighty percent

²²This aim was disclosed in official bulletins of the Mexican government. See Harold E. Davis, "Mexican Petroleum Taxes," Hispanic American Historical Review, XII, No. 4 (November, 1932), 413-414.

By the dozens of letters which Obregón received from the independent oil producers in the United States during the summer of 1921 in defense of Mexico's export tax, it appeared that Obregón was well informed of the proposed debate. Most of these letters gave information on conditions in the oil fields and stressed the financial benefits to the Mexican government by the tax. AGN, 104-P1-P-3 Pg 15; 104-P1-P-13 Pg 15; 104-P1-P-14; 104-P1-P-11 Pg 15.

of the petroleum from Mexico duty free into the United States.²³ This cheaply derived, non-taxable Mexican crude oil²⁴ flooded the American market, they asserted, and virtually eliminated competition for the independent oil producers. In certain states sixty percent of normal production was discontinued and thousands of men in the oil fields were unemployed. The price of domestic crude oil, having dropped since January, 1921, from \$3.50 a barrel to less than \$1.00 a barrel, went far below the cost of production and forced many companies to declare bankruptcy. In turn Standard Oil and other stable petroleum firms were purchasing these companies and their property at a fraction of the original cost and outlay.

While debate on the proposed tariff continued,²⁵

²³Telegrams and resolutions from various state and interstate independent oil producers associations were read in Congress and commented on by Congressmen from the afflicted states. Cong. Record, 67th Cong., 1st Sess., July 14, 1921, 3819-3823; July 16, 3945; July 18, 3986-3987, 3999-4000, 4009-4010; August 23, 5528-5531. Only the independent oil producers associations of California opposed the tariff on Mexican oil as unnecessary. Cong. Record, 67th Cong., 1st Sess., July 16, 1921, 3945-3947. Refer also to a statement from the Mexican Financial Office on oil production in Mexico, Nation, August 3, 1921, pp. 134-135.

²⁴The crude oil in the United States was generally superior in quality, being a high-grade oil suitable for delicate refining. Mexican crude was a heavy oil suitable primarily as a fuel oil.

²⁵Mexico's export tax on petroleum and the decision in July by many of the large American oil companies in Mexico to suspend shipment of petroleum from Mexico lessened the need for this tariff, and the proposal died.

the large American oil companies in Mexico (which had understandably opposed the proposed tariff in the United States) announced that the Mexican export tax of \$.35 per barrel placed too great a financial burden upon most of the petroleum industry in Mexico. Since the tax in their estimation consumed the profit on each barrel of oil and thereby caused the producer to operate his business at a considerable loss, the large American oil companies were "forced" to suspend their shipments of crude oil beginning July 1st.²⁶ Drilling would be continued only where damage to equipment would otherwise result and until reserve storage space was filled.²⁷

Rumors of labor unrest and agitation resulting from the unemployment²⁸ created by the shutdown of the oil companies brought exaggerated fears of reprisals against American citizens and their property. Claude I. Dawson, then Consul at Tampico which was one of two principal oil regions in Mexico, requested emergency precautions

²⁶Although the impression given was that each company acted independently, the companies that undertook concerted action were members of the Association of Producers of Petroleum in Mexico.

²⁷Frederic N. Watriss, general legal representative for the oil companies in Mexico, to Under Secretary Fletcher, July 7, 1921, For. Rels., 1921, 449. See also New York Times, July 2, 1921, p. 1; July 4, p. 17; July 6, p. 1; 10; July 7, p. 10.

²⁸Figures of twenty-five thousand or more were quoted in the New York Times. See above, footnote 27.

be taken to protect American life and property.²⁹ Though several cruisers were dispatched to Tampico on July 2nd, no incidents were reported and the vessels were ordered to leave on July 8th.³⁰ Both Hughes and Fletcher were apprehensive at the prolongation of U.S. vessels in Mexican waters on the basis of only anticipated violence. Hughes feared that by retaining the vessels a situation might be provoked to draw the United States into an unnecessary intervention. Fletcher warned of the propaganda which would link the Department's policy to the demands of the American oil interests.³¹

Throughout July and August press dispatches mentioned that petroleum exports by many companies in Mexico had ceased. Meanwhile the large American oil companies in Mexico quickly discovered that withholding shipment of petroleum as a protest to the payment of the export tax did not force Obregón to retreat as they had anticipated. By August 1st their representatives were holding conferences with the State Department. Conscious of the difficulties at Tampico the previous month Hughes and Fletcher

²⁹Dawson to State, June 30, 1921, For. Rels., 1921, 448. Dawson was usually susceptible to rumors and to an exaggerated version of actual conditions.

³⁰Hughes had recommended that the vessels be withdrawn. Hughes to Harding, July 8, 1921, Harding Papers (Box 42).

³¹Robert H. Murray's letter to Byron S. Butcher, forwarded to Obregón, July 14, 1921, AGN, 104-R1-E8 Pg 15.

were anxious to avoid a connection between the overall policy of the Department and the specific complaint of the oil companies on the export tax.³² To prevent any misunderstanding of the Department's policy, Hughes informed the oil representatives that he did not wish to make a formal diplomatic protest at the time on what he regarded to be a non-political issue.³³

The representatives of the oil companies were asked whether they were willing to consider a satisfactory adjustment of the tax question.³⁴ Receiving a favorable reply,³⁵ the State Department inquired of Obregón whether he would directly negotiate with a committee representing the American oil companies concerned "on the distinct understanding that no sacrifice of principle by either side would be involved."³⁶ Obregón affirmatively replied

³²The State Department was already suspicious of the activities of the American oil companies in Mexico. See below, footnote 53.

³³Hughes to Summerlin, August 6, 1921, For. Rels., 1921, 452.

³⁴Fletcher to Frederic N. Watriss, August 3, 1921, For. Rels., 1921, 451.

³⁵Watriss had sheepishly requested the Department to broach the subject of negotiations to the Obregón government so that it would appear that Obregón initially sought a conference. Watriss to Fletcher, August 5, 1921, For. Rels., 1921, 451-452.

³⁶Hughes to Summerlin, August 6, 1921, For. Rels., 1921, 452.

"with pleasure." The only restrictions which the State Department placed upon the negotiations was that the newly organized Committee of Oil Executives was to disregard any discussion of a loan to Obregón (which was considered beyond the purpose of their visit) and to avoid any implication of a tie with the Department. Fletcher specifically emphasized that this committee was to be a business group, not representatives of the State Department.³⁷

From August 29th through September 3rd a series of conferences were held in Mexico City between the presidents of five major American oil companies in Mexico³⁸ and the Mexican Minister of Finance Adolfo de la Huerta. By the end of the conferences the five presidents had agreed to guarantee the Mexican government an adequate financial compensation from the petroleum production in return for a reasonable share of profits.³⁹ Upon resumption of normal operations the oil companies were to pay

³⁷Memorandum of Attorney H. N. Branch of an interview with Under Secretary Fletcher, August 24, 1921, Committee of Oil Executives: Documents on Conferences, August-September, 1921, NA, 812.6363/1231.

³⁸The five presidents and their companies were: W. C. Teagle of Standard Oil of New Jersey; Harry F. Sinclair of Sinclair Consolidated Oil Corporation; Edward L. Doheny of the Mexican Petroleum Company; Amos L. Beaty of The Texas Company; and J. W. Van Dyke of the Atlantic Refining Company. All were members of the Association of Producers of Petroleum in Mexico.

³⁹See above, footnote 37, for the minutes of the meetings.

a specified production tax on the twenty-fifth of each month for the petroleum produced the preceding month. The export tax created by the June 7th decree was temporarily suspended for a period of four months (until December 25th).⁴⁰

What had not been revealed publicly nor to the State Department was the proposition advanced by the Obregón government. The American oil producers at the conference were told to organize a syndicate of bankers to buy up on the open market a large amount of the foreign bonds charged to Mexico. Because of the nearly ten year defaulting on the payment of the interest due on the foreign debt, Mexican bonds had depreciated on the open market to only forty percent of their par value. The oil companies involved were to turn in these depreciated bonds to the Obregón government which would accept them at their par value in lieu of full payment of the required production taxes.⁴¹ In this way, as Thomas Lamont of the International Committee of Bankers⁴² later explained it to the State

⁴⁰Other details may be found in Summerlin to State, September 8, 1921, For. Rels., 1921, 457-459.

⁴¹Turlington, op. cit., p. 283.

⁴²This committee was an organization established in 1919 to protect the interests of the foreign holders of the outstanding securities and bonds attached to Mexico's debt. See below, pp. 173-175.

Department, the Obregón government was in reality reducing the petroleum production taxes for the companies at least sixty percent and purchasing Mexico's outstanding bonds at market prices--thereby reducing the foreign debt.⁴³

The undisclosed clause of the agreement reached in September was uncovered when the value of the Mexican bonds on the open market suddenly began to rise during the month of September, and the Obregón government announced that receipts of 2.5 million pesos from the petroleum taxes had been deposited in the National Bank of Mexico to begin the retirement of the foreign debt.⁴⁴

When the International Committee of Bankers learned of this clause in the September agreement, of which the Committee of Oil Executives had purposely neglected to inform them, it immediately demanded the cancellation of that portion of the agreement between the Obregón government and the oil companies involved. The International Committee condemned the agreement on both ethical and semi-legal grounds. Not only was the Obregón government breaking faith with its creditors, but the export tax of June 7th had originally been designed as part of the

⁴³Thomas W. Lamont to Hughes, September 23, 1921, NA, 812.51/794.

⁴⁴Davis, "Mexican Petroleum Taxes," 417.

revenues pledged to the payment of the foreign debt. The International Committee was not protecting the interests of its clients (for which it had been originally formed) if it permitted the purchasing of bonds at low rates when they were initially sold at par or near value.⁴⁵ The terms in the bonds themselves stipulated that they were to be redeemed at par value.

By the end of October the clever and shrewd scheme of the Obregón government to have the largest American oil companies in Mexico, who held the majority of the petroleum production in the country, indirectly pay off a considerable portion of Mexico's foreign debt failed to materialize. If the payment in Mexican bonds had been allowed to continue, Obregón would have reduced the foreign debt but at the ultimate expense of the foreign bondholders. Though the Obregón government admitted and defended this procedure of purchasing Mexico's own bonds at market prices,⁴⁶ the oil companies involved returned to cash payments for their taxes.

⁴⁵Turlington, op. cit., pp. 283-284; New York Times, October 25, 1921, p. 33.

⁴⁶New York Times, October 29, 1921, p. 33. Lamont reported that the failure of any negotiations on Mexico's foreign debt in October, 1921, and later in February, 1922, was due to the insistence of the Mexican Minister of Finance Adolfo de la Huerta on this very point. Summerlin to State, October 21, 1921, NA, 812.51/661; Lamont to Fletcher, February 21, 1922, NA, 812.51/719.

In spite of its partial failure, the export tax in the June 7th decree was a well-conceived maneuver to obtain for Mexico a favorable settlement of its foreign debt⁴⁷ and to reassert the hegemony of the Mexican Nation over its natural resources. Although the export tax applied to all oil companies, the Obregón government was attempting to bring only the large American oil companies into negotiations either by force of circumstances or through cupidity.⁴⁸ The task was not difficult since the Association of Producers of Petroleum in Mexico were already faced with the possibility of an import tax in the United

⁴⁷Davis, op. cit., 412.

⁴⁸Having been requested by the independent oil producers to raise the export tax to \$.50 or higher per barrel, Obregón replied that he did not wish to create an impression of hostility on the part of his government. Obregón to American oil producer J. W. Link, June 28, 1921, AGN, 104-P1-P-13 Pg 15. This reply as well as others revealed that Obregón was interested only in the large American companies in Mexico. See the offer of "reciprocal advantages" made initially in July to Edward L. Doheny's Huasteca Petroleum Company, later to the subsidiaries of Standard Oil of New York and of New Jersey, by S. Valenzuela of the Department of Petroleum of the Ministry of Industry, Commerce and Labor. Valenzuela to J. A. Brown (Standard Oil), December 28, 1921; February, 1922, AGN, 104-P1-P-12 Pg 15; 104-P1-H Pg 14.

The two largest British companies, who had not been invited to the conferences in August, considered their interests affected by the agreement between the Mexican government and the American oil companies. Obregón replied that the formal agreement of September, 1921, extended to all the oil companies in Mexico. S.W.A. Deterding, General Manager of Royal Dutch Shell, to Obregón, December 16, 23, 1921, AGN, 104-P1-P-15.

States. But the compelling argument was that the Mexican export tax of June 7th⁴⁹ was based both on volume and on the average valuation of oil on the price quotations of the New York market, which were remarkably high at the time.⁵⁰ In either case the hitherto clear profits of the oil companies would decline.

The reaction of the oil companies had been made to impress the Mexican government that they would suspend exportation rather than pay the tax.⁵¹ According to Obregón's confidential agent in the oil fields of Tampico⁵² they hurriedly emptied their storage tanks in late June by fleets of oil tankers. Since the empty tanks had the capacity to store two months' production, the companies would not have to close down their wells. This procedure gave the surface appearance of two months' inactivity and a legitimate justification for laying off many employees. The companies continued drilling throughout the summer.

An investigation conducted by the U.S. War Department

⁴⁹The Association had received a preview copy of the June 7th decree by May 24th for their consideration. H. N. Branch to Hughes, June 2, 1921, For. Rels., 1921, 447.

⁵⁰Cleland, The Mexican Year Book, 1920/21, pp. 299-300.

⁵¹See above, footnote 27.

⁵²Vladimir E. Dillon, "Report on the Oil Situation During the Past Three Months," September, 1921, AGN, 104-Pl-T-1 Pg 15-1.

during July and August in the oil fields of Tampico confirmed other discrepancies.⁵³ In July the Huasteca Petroleum Company, one subsidiary of Edward L. Doheny's Mexican Petroleum Company, was financing rebel bands, provoking disorders and labor unrest and spreading "Bolshevik" propaganda in the Tampico oil fields.⁵⁴ Doheny's Mexican Petroleum Company and the subsidiaries of Standard Oil played upon the "salt water" scare in the oil wells by drilling wells where salt water was known to be located or by using special pressure valves to force salt water to the surface.⁵⁵ The news of salt water in the oil wells

⁵³Major Joseph F. Cheston, appointed one of several special agents of the War Department in the Tampico region, mentioned in his report that an investigation on the activities of certain oil companies in Mexico had been ordered by the State Department. His briefing was provided by the Consul at Tampico (probably Dawson). Cheston forwarded to Obregón in November a copy of his confidential report of August 15th to the Chief of Staff in Washington. AGN, 104, Pl-P-11. This was only one of several confidential reports of this nature found in the Archivo General de la Nación (Obregón-Calles).

⁵⁴Accounts by independent American oil companies in Mexico and by officials of the Obregón government considered Doheny's Huasteca Petroleum Company to be the most antagonistic and aggressive of all the American-controlled oil companies in Mexico. For example, Huasteca often delayed other smaller companies from drilling new wells by buying up all the available pipe line connections in Mexico or by siphoning oil from the oil beds of petroleum companies adjacent to its properties. V. E. Dillon to Obregón, July 23, 1922, AGN, 104-Pl-T-1 Pg 15-1; 104-Pl-C Pg 14; 104-Pl-P-12 Pg 15; 104-Pl-H Pg 14.

⁵⁵In a report several months earlier to the stockholders of his companies in Mexico, Doheny had emphatically denied rumors of the possibility of salt water invasion in the oil wells of his companies. New York Times, April 7, 1921, p. 29.

tended to momentarily lower the price valuation of petroleum on the New York market.

Dismayed to learn that the June 7th decree was not rescinded and that their storage tanks would be filled by the end of August,⁵⁶ those oil companies which had "suspended" operations were especially anxious in the early part of August to seek a settlement. The lure of future profits, the stake in their investment and the desire to exploit new oil fields⁵⁷ brought the companies to a further conciliatory position.⁵⁸

The years 1921 and to an extent 1922 were the peak years of petroleum production in Mexico. New petroleum fields drilled during October and November of 1921 by Doheny's interests, the Standard Oil subsidiaries, and

⁵⁶V. E. Dillon to Obregon, September, 1921; October 7, 1921, AGN, 104-P1-T-1 Pg 15-1.

⁵⁷Several American oil companies as well as the principal British firms in Mexico, who were independent of the Association of Producers of Petroleum in Mexico, usually or always complied with the legislation of the Mexican government. These companies could easily obtain drilling permits for new oil fields and other advantages. The Financial Agency of the Mexican government in New York City had released statistics to show that the independent American oil companies since July 1st had increased their exports and had drilled over 125 new wells. New York Times, July 28, 1921, p. 21.

⁵⁸The world "oil scare," the fear of a British-Dutch world petroleum monopoly, and the U.S. treaty with Colombia ratified in April, 1921, (which opened up the Colombian oil reserves), undoubtedly had some bearing on their decision, too.

El Aguila (the principal British firm) brought in daily outputs of sixty to seventy-five thousand barrels apiece.⁵⁹ Doheny's Mexican Petroleum Company alone exported 3.8 million barrels in October.⁶⁰ Crude and refined petroleum production in 1921 reached its highest output to that time with 193,397,582 barrels.⁶¹ This output and the nearly corresponding ratio during 1922 temporarily ended the fear of the exhaustion of Mexico's petroleum resources and created an optimistic outlook for the future.⁶² When the

⁵⁹New York Times, October 23, 1921, VIII, p. 7; November 15, p. 32; November 16, p. 6; November 23, p. 26; V. E. Dillon to Obregón, November 14, 1921, AGN, 104-Pl-T-1 Pg 15-1. Dillon reported that oil exports in November were 17,571,011 barrels--the second highest for 1921, most of which came from the newly drilled oil fields. Dillon to Obregón, December 14, 1921, AGN, 104-Pl-T-1 Pg 16-1.

⁶⁰New York Times, November 17, 1921, p. 28.

⁶¹Merrill Rippey, "The Mexican Oil Industry," Essays in Mexican History, ed. Thomas E. Cotner, and Carlos E. Castaneda (Austin: University of Texas Press, 1958), p. 254.

⁶²A publicity book put out in 1922 by a Doheny subsidiary, the Pan American Petroleum and Transport Co., contained estimates that within the United States over 250,000 oil wells averaged less than five barrels per day while three hundred wells in Mexico (1920) averaged 1800 barrels per day. J. W. Archer (ed.), Mexican Petroleum; Description of Properties of the Pan American Petroleum and Transport Company and Principal Subsidiaries (New York: Pan American Petroleum and Transport Company, 1922), p. 231. Despite the apparent exaggeration of these statistics, Mexican wells in the early 1920's did have a greater productivity on the whole than those in the United States.

According to Doheny's annual stockholder report in June, 1922, his companies showed a net profit within one year of \$12,540,684.00. The price of his companies' stock on the open market rose to \$8.50 in one day to make a total rise of \$53.00 a share within one week. New York Times, June 22, 1922, p. 23; June 23, p. 1.

occasion arose, the oil companies were in a more amenable mood to discuss an export tax with the Mexican government in the spring of 1922.

II

The settlement of Mexico's foreign debt had become the subject of serious consideration by her creditors. Since 1915 several unsuccessful attempts had been undertaken to consolidate into one group the leading foreign banking firms holding the security bonds against Mexico.⁶³ As events in Europe neared the armistice in November, 1918, pressure was being put upon the French and the British banking houses in particular, who held the largest share of Mexican securities, to present legitimate claims against the Mexican government for payment. Fearing that the banking houses of Europe might decide to act immediately without regard to the interests of American banking firms, Thomas W. Lamont of the banking house of J. P. Morgan and Company renewed the effort to establish a banking consortium on Mexico.⁶⁴ Upon receiving Lamont's proposal,

⁶³Turlington, op. cit., p. 269.

⁶⁴Lamont to Legal Counselor for the State Department, Frank L. Polk, November 18, 1918, NA, 812.51/547; Lamont to Acting Secretary of State Frank L. Polk, December 13, 1918, For. Rels., 1919, 645-646.

the State Department replied that it had no objection to the formation of an "International Committee of Bankers" designed to protect the legitimate interests of Mexico's foreign creditors. Its only stipulation was that the American bankers maintain the leadership of the proposed committee.⁶⁵ Though American possession of Mexican securities was considerably less than that of the French and the British banking houses, Lamont was able to convince the latter to permit U.S. banking firms to exert a predominant position on all questions of major policy.

The International Committee of Bankers on Mexico, officially organized on February 23, 1919, was unable to take any action as U.S.-Mexican relations reached a critical point in the latter part of the year. Not until the autumn of 1920 was it possible for the Committee to achieve any structured program.⁶⁶ In addition to the main steering committee composed of ten American bankers and five each for the French and the British, representatives of Dutch, Swiss and later Belgian and German bankers were invited to participate. A special committee was created

⁶⁵ Acting Secretary of State Frank L. Polk to J. P. Morgan and Company, January 7, 1919, NA, 812.51/549.

⁶⁶ Lamont to Under Secretary of State N. H. Davis, September 28, 1920, For. Rels., 1920, 230-232. Lamont was the Alternate Chairman of the Committee; J. P. Morgan the Chairman. Other members of the Committee and its various sub-committees are found in For. Rels., 1920, 231-232.

to handle particular interests as railroads and industries which had claims against Mexico. Since the United States had not recognized the de la Huerta government, however, the State Department discouraged any preliminary negotiations with that government which might be politically misconstrued, and advised against the granting of a loan.⁶⁷

As early as February, 1921, Obregón had reopened discussion with the International Committee and with various banking firms in New York on an agreement between Mexico and her foreign creditors. Lamont as the spokesman for the International Committee was hesitant to act without the explicit approval of the State Department. From his frequent visits to the Department it appeared that Lamont wished to have any negotiations on Mexico's foreign debt officially sanctioned.⁶⁸ Because the recently inaugurated Obregón government had not been recognized by the Wilson administration, the Committee was concerned about the security of any agreement with Obregón.⁶⁹ Moreover the reputation of foreign and especially American bankers in Latin America as a whole was badly scarred,

⁶⁷Acting Secretary of State N. H. Davis to Woodrow Wilson, November 2, 1920, Wilson to Davis, November 3, 1920, NA, 812.51/598a; Davis to Summerlin, June 23, 1920, NA, 812.51/583.

⁶⁸Turlington, op. cit., p. 282.

⁶⁹Lamont to Under Secretary Fletcher, February 21, 1921, NA, 812.51/719.

and the Committee wished to have both the backing and the support of the United States to demonstrate that no illegal or intimidating transaction was being forced upon the Obregón government.⁷⁰ As the Harding administration came into office, Lamont was more than willing to cooperate with the State Department and notified Obregón that any conference on Mexico's foreign debt was dependent upon Obregón's ability to meet the requirements of the State Department for recognition.⁷¹

Hughes had insisted upon a clear division between the political and legal matter of diplomatic recognition and on an economic issue as Mexico's foreign debt. The Department's policy, as he explained it to Harding, was based on the nonretroactive application of Article 27. Security for property rights and for interests legitimately acquired in Mexico was the sine qua non for the establishment of official relations between the two countries.⁷² While requesting that Mexico respect its international obligations, the Department had not specifically or unconditionally demanded prior to recognition the immediate payment of the foreign debt nor the settlement of claims arising from the Revolution. The latter points should

⁷⁰ Ibid.

⁷¹ Lamont's letters corresponded to the Department's policy of June 7th. Lamont to Hughes, June 27, 1921, NA, 812.51/726.

⁷² Hughes to Harding, March 25, 1922, NA, 812.00/25494.

be resolved, Hughes continued, but by those individuals concerned.

In reality there was not the clear-cut division between the political and legal matter as viewed by Hughes, and the economic or non-political issue. In the early 1920's as trade and investment opportunities in Latin America were being emphasized, the visits to Mexico by American bankers and business men for the purpose of discussing loans and investments seemed to undermine the Department's policy of non-recognition.⁷³ In September, 1921, Harding announced that the United States expected to be consulted in advance of any proposed loans to Obregón. Under Secretary Fletcher advised Charge Summerlin in Mexico that the State Department would not approve any loan by American bankers to a government which was not recognized by the United States.⁷⁴

A general policy on loans and investments by American bankers and investors to foreign countries was devised in a Circular of the State Department in March, 1922.

⁷³Despite its lack of recognition, in 1921 the Obregón government received credit of \$2.5 million dollars (with the option of an additional \$2.5 million) from the Baldwin Locomotive Works in Philadelphia, Pennsylvania. The credit was extended for the purchase of new locomotives. Turlington, op. cit., p. 173.

⁷⁴Fletcher to Summerlin, September 9, 1921, NA, 812.00/25169A.

According to the Circular the Department was to examine these loans to determine whether or not they possibly conflicted with the current U.S. policy toward a particular country.⁷⁵ In its usual legalistic fashion the Department stressed that its examination of loans and investments was in no way an evaluation of the soundness, trustworthiness or liability of the private negotiation, nor would the Department assume any responsibility for such a transaction. As Hughes informed Harding, the Department was taking an "entirely impartial position," for example, in regard to investments by American bankers in Mexico.⁷⁶

Despite its legalistic position and attempted "objectivity," the Department had cemented rather than divorced the legal and political issue of diplomatic recognition from the economic or non-political issues of loans and Mexico's foreign debt.⁷⁷ The Department's policy

⁷⁵For a more complete explanation (though the policy was not limited to Latin America) consult Charles Evans Hughes, Our Relations to the Nations of the Western Hemisphere, pp. 54-73.

⁷⁶Hughes to Harding, March 25, 1922, NA, 812.00/25494.

⁷⁷Perhaps the Chief of the Division of Mexican Affairs, Matthew E. Hanna, made the most realistic assessment during Harding's administration of the relationship between political and economic issues in foreign policy. When de la Huerta was in negotiations with the bankers in New York, Hanna thought that the Department "should remain neutral" only on certain details in the negotiations. Hanna implied that the Department had a reasonable interest in this non-political issue which could not be separated from its policy stand. Hanna notation on letter from Summerlin to Hanna, May 15, 1922, NA, 812.51/747.

contained in the Circular of March, 1922, was hardly the impartial one that Hughes maintained. While it could not physically prevent private loans to an unrecognized government, the Department could and did exert a strong moral pressure. Since loans conflicted with its policy toward Mexico, the State Department used economic pressure against Obregón as a part of its so-called "political" policy. The implications of the latest policy of the State Department were not neglected as the Mexican Minister of Finance Adolfo de la Huerta met with the International Committee of Bankers in New York City during the spring and early summer of 1922.

Previous efforts during the fall of 1921 and the early months of 1922 on an agreement between Mexico and the International Committee of Bankers had proved futile.⁷⁸ For Obregón as well as a growing number of American bankers and business men, a settlement of Mexico's financial difficulties was being viewed as an initial step in hastening diplomatic recognition from the United States. In March, 1922--perhaps in partial consequence to the State Department's circular of the same month--Obregón suggested that the de la Huerta might proceed to New York City⁷⁹

⁷⁸See above, footnote 46.

⁷⁹The chairmanship of the Committee, held by J. P. Morgan and Company, was in New York.

to negotiate with the International Committee of Bankers on the consolidation of Mexico's foreign debt and on an agreement concerning the debts of the Mexican railroads⁸⁰ and loans contracted by the Porfirio Díaz government.⁸¹ Late in May de la Huerta was duly authorized to represent the Obregón government in a series of conferences with the International Committee to begin the first week of June.

Prior to his departure de la Huerta had secured from the large American oil companies in Mexico an arrangement for the collateral which was to be applied toward payment of the foreign debt. Force of circumstances again played to Obregón's advantage. The oil companies were apprehensive at the forthcoming negotiations with the International Committee which they realized would undoubtedly involve petroleum taxes. Since the controversial clause of the agreement of the previous summer had been discarded, they wished to obtain some guarantee of security for themselves. Essentially they desired a reasonable and a per-

⁸⁰The Mexican Minister of Finance under Díaz, Limantour, had purchased in 1903 controlling interest in three of the four large railway systems of Mexico to prevent a merger of two rival American interests into one American-owned railroad monopoly. In 1909 he consolidated two of the purchased railway systems into the Mexican National Railways. Turlington, op. cit., pp. 238-240.

⁸¹In particular, a loan obtained for the development of agricultural and irrigation projects in Mexico. During 1907-1909 the securities sold were known as Caja de Préstamos Bonds. Turlington, pp. 241-242.

manent commitment on the payment of export taxes and on the future exploration and exploitation of petroleum in Mexico.⁸²

For ten days the Committee of Oil Executives⁸³ met in Mexico City with de la Huerta. The agreement reached, which was to continue during the remainder of Obregón's administration, provided that the criterion of valuation for the petroleum export taxes was the actual selling price of petroleum on the New York market. In return the Obregón administration continued the advantageous arrangement for the oil companies made in the controversial clause of the agreement of September 3, 1921, whereby the petroleum export taxes would be the bond market value.⁸⁴ Under this favorable settlement the companies paid in cash, however, rather than in the outstanding Mexican bonds.

With the new agreement from the oil companies in hand, de la Huerta arrived in New York for the opening conference on June 2nd with Mexico's foreign creditors. As briefed by Obregón, de la Huerta was to obtain as

⁸²Hanna to Hughes, March 30, 1922, NA, 812.6363/1232.

⁸³See above, footnote 38 for the Committee representatives. The conference lasted from April 24th through May 3rd. In reporting on the conference, W. C. Teagle (President of Standard Oil of New Jersey) informed the State Department that nothing prejudicial to its position on Mexico was discussed. Teagle to Hughes, May 11, 1922, For. Rels., 1922, 693-695.

⁸⁴See above, p. 165.

satisfactory an arrangement as possible commensurate with Mexico's dignity as a nation and within its economic potentiality, and consistent, of course, with Obregón's political position.⁸⁵ In Mexico's financial straits de la Huerta had to achieve the consolidation and eventual redemption of the foreign debt within the country's expected capacity to pay. Since the export tax on petroleum had been designated for the foreign debt, on the basis of the recent petroleum production in Mexico de la Huerta was able to offer a very optimistic appraisal of the present as well as the future estimated income from this tax.

By the end of the first week of talks, de la Huerta reported to Obregón that basic agreement had been reached on the major outline of Mexico's debt.⁸⁶ One of the serious points in dispute had been the loans obtained by the Victoriano Huerta government. Huerta was regarded as the usurper of the Revolution begun by Madero in 1910, and Carranza's rebellion in 1913 had been the restoration of the Revolution. All of the prominent men in the Mexican government in the 1920's had sided with Carranza in the struggle against Huerta. Mexico could scarcely be

⁸⁵Official Documents Relating to the Agreement de la Huerta-Lamont (Mexico: Imprenta de la Secretaría de Relaciones Exteriores, 1924), pp. 7-8. Obregon's and de la Huerta's correspondence between June 6th and July 5th was compiled in this pamphlet.

⁸⁶Ibid., pp. 10-11.

expected to permit the recognition of debts incurred by this traitorous Huerta government. In short, the acceptance of these debts would mean the overthrow of the Obregón government. A compromise was reached whereby one particular bond issue floated by the American banker John W. de Kay, which was used to purchase weapons and ammunition for Huerta, was excluded from the agreement.⁸⁷ Other loans contracted by the Díaz, Madero and Carranza governments were acknowledged. The Mexican government was to assume all outstanding obligations of the Mexican National Railways.⁸⁸ Though the railways were to be returned to private management, the Mexican government remained the majority stockholder (fifty-one percent) and could appoint the majority of the Board of Directors.⁸⁹

Once the preliminaries of the negotiations on the debt had been discussed, de la Huerta broached the second purpose of his visit to New York City--the necessity of a loan. Obregón had pressed the matter of a new loan because his administration's budget was showing a deficit

⁸⁷Turlington, p. 290. The other bond issues during Huerta's administration were accepted.

⁸⁸The anticipated income from the railways was expected to cover amply the claims against the system.

⁸⁹Fred W. Powell, The Railways of Mexico (Boston: The Stratford Co., 1921), pp. 25-35. Refer also to Howland, Survey of American Foreign Relations, IV, 175.

of nearly three million pesos per month on current operating expenses.⁹⁰ Moreover the reconstruction program lay dormant without available funds.⁹¹ By June 13th, however, the banking houses in following the recommended policy of the State Department regarding foreign loans had refused to discuss any possibility of new loans until after the Obregón government had been recognized by the United States.

De la Huerta, on the other hand, seemed very confident that once an agreement on Mexico's prior debt had been signed there would be no substantial difficulty in obtaining a new loan from the various banking houses.⁹² De la Huerta apparently considered that arrangements on Mexico's foreign debt had been postponed too often in the past. Although the bankers had been demanding, Mexico might not have a similar opportunity to achieve a settlement in the future. Mexico's petroleum reserves which were the security for the payment of the foreign debt had been at their height of production within the past nine months. The time was ripe for a definite settlement with

⁹⁰Official Documents . . . de la Huerta-Lamont,
op. cit., pp. 16-17.

⁹¹Ironically there always seemed to be sufficient funds allocated for the propaganda program abroad for recognition.

⁹²Official Documents . . . op. cit., p. 45.

Mexico's foreign creditors. With such a settlement Mexico would also be fulfilling her international obligations, a point prescribed in the past U.S. policy for diplomatic recognition. In his appraisal of the situation de la Huerta presumed that he was in a good bargaining position for diplomatic recognition from the United States. And once Obregón had been recognized, there could exist no obstacles to the easy access of loans from the bankers.

Consequently on June 16th de la Huerta signed what became known as the Lamont-de la Huerta Agreement. Subject to Obregón's signature, the agreement provided that the Mexican government recognize a debt of approximately one billion pesos (half a billion dollars) in bonds and securities which were mainly issued prior to the Revolution of 1910, and in addition accept the railway debt of over half a billion pesos (a quarter of a billion dollars).⁹³ The Mexican government further acknowledged interest arrears of four hundred million pesos and agreed to pay off this back interest over a four year period beginning in 1928. Regular interest payments on the entire debt were to be resumed on January 1, 1923, with thirty million pesos due that year. Over the next four years interest

⁹³The full text of the agreement is found in Turlington, Appendix VII, pp. 379-386. This agreement did not include other obligations of the Mexican government as personal claims, the agrarian debt, and so forth.

payments were to increase by five million pesos each year. The payment of the interest in full in addition to that interest in arrears accumulated up to January 2, 1923, would begin to be paid on January 1, 1928. To assure security of payment the Mexican government agreed to turn over to the International Committee of Bankers between 1923 and 1927 the export taxes on petroleum, and proceeds of a ten percent tax levied on the gross revenues of the Mexican railway system. There would be no foreclosure on the Mexican National Railways provided that these were returned to private management.⁹⁴

This agreement, to take effect in December, 1922, was a limited and delicate compromise.⁹⁵ During the decade that payment on the foreign debt had been suspended, Mexico had been relieved of this pressure. She would now be expected to enact a very strict and closely regulated budget to meet her obligations. By the same token the holders of Mexican bonds, while undoubtedly elated over the resumption of payment, still faced a sacrifice with the gradual and long-term repayment of the Mexican debt.

De la Huerta urged Obregón to immediately ratify the June 16th agreement. To soothe Obregón's doubts about

⁹⁴Up to this time the National Railways, which had been taken over by the Carranza government, continued to be operated by a department within the Mexican government.

⁹⁵Turlington, op. cit., p. 291.

Mexico's financial capacity to comply with the agreement, de la Huerta pointed to the petroleum export taxes for 1923 which were estimated at twenty-four million pesos.⁹⁶ The ten percent from the railway systems' gross receipts would make up the difference for the thirty million deposit required for that year. De la Huerta also reminded Obregón that the oil companies in Mexico were required to pay the Mexican government the sum of twenty million pesos for petroleum "exploitation rights" in 1923. In 1924 he predicted that the petroleum export taxes and the railway system receipts would increase as petroleum production and business were expanded. As the days passed, de la Huerta's initial overconfidence gradually turned to impatience and irritability at Obregón's indecision.

Obregón did not doubt the word of his Finance Minister, and he sincerely desired a settlement on the foreign debt. But by the first of July he still expressed hesitation over Mexico's capacity to meet the terms of the agreement especially without new loans.⁹⁷ Obregón was concerned too

⁹⁶Official Documents . . . , op. cit., pp. 27-28.

⁹⁷The acquiring of new loans to assist in the initial renewal of the payment of the foreign debt was a short-run measure only. In reality, it would not reduce but rather contribute to the debt. De la Huerta was positive that Mexico could meet her obligations on the strength of taxation alone. Loans could be used for the operating expenses of the government as well as for the reconstruction program.

with the clause in the agreement obliging the Mexican government to return the Mexican railways to private management in the same condition as the Carranza government had taken them over.⁹⁸ Because the Mexican railroads had been badly damaged by the Revolution, compliance with this provision involved expenditure of large sums of money. Before he signed the agreement, Obregón thought it to be advisable to have the suggestions of his cabinet and eventually the approval of the Mexican Congress.

Instead of returning to Mexico City as Obregon had advised, de la Huerta remained in New York City to have conferences with the representatives of the American oil companies in Mexico and then to proceed to Washington for informal interviews with President Harding, Secretary of State Hughes and a number of Senators. De la Huerta undoubtedly considered that he had in a sense disappointed Obregon--not so much by the terms of the agreement reached in New York City but by the failure to obtain a loan. Because Obregón had been so insistent on the necessity of a loan, de la Huerta wished to reassure and to convince Obregón that a loan was possible. At the same time it appeared that de la Huerta had also considered making a further effort on behalf of Obregón's recognition. Though

⁹⁸Dulles, Yesterday in Mexico . . . , pp. 152-153.

de la Huerta acted independently and unofficially, he did not notify Obregón of his intentions. Obregón reluctantly approved de la Huerta's perseverance.

In a conference with representatives of the leading American oil companies in Mexico de la Huerta requested a loan of twenty-five million pesos. The form of the loan was to be an advance of the petroleum export taxes for each company involved.⁹⁹ The oil representatives who wanted reciprocal advantages were favorable to the idea of a loan, but desired not to take any action without the sanction of the State Department. Both Hughes, and Hanna of the Division of Mexican Affairs, were in agreement that, since the outstanding issues between the two countries on Article 27 and on the negotiation of a treaty had not been settled, the United States was in no position to recognize Obregón.¹⁰⁰ In accordance with its statement of March 3rd on foreign loans¹⁰¹ the State Department could thereby not approve of a loan to the unrecognized Obregón government. If the oil companies wished to make a loan to this government, they did so at their own financial

⁹⁹Hanna to Hughes, July 10, 1922, NA, 812.6363/1227.

¹⁰⁰Memorandum of a conference between Hughes and H. N. Branch, legal representative of the American oil companies in Mexico, July 11, 1922, NA, 812.6363/1228. Hanna to Hughes, July 14, 1922, NA, 812.51/901.

¹⁰¹See above, p. 178.

risk (which they would essentially have to do regardless of the circumstances). To the relief of the State Department and the International Committee of Bankers, the oil representatives declined the loan requested by de la Huerta.¹⁰²

From New York de la Huerta proceeded to Washington for informal and unofficial talks.¹⁰³ His purpose was to discuss the ultimate obstacle to the acquisition of a loan--the non-recognition of the Obregón government. Following a brief audience with Harding, de la Huerta conferred with Hughes on July 18th.¹⁰⁴ De la Huerta presented a plan for diplomatic recognition. Hughes was to send a letter to Obregón to invite his correspondence. This letter would constitute direct and immediate recognition; in return Obregón would send a reply letter to Hughes as a written pledge of enacting the requirements of the United

¹⁰²Hanna feared that a loan might be used as propaganda to embarrass the Department's position. Hanna to Hughes, July 14, 1922, NA, 812.51/901.

¹⁰³De la Huerta had broached the subject of a conference with Harding and with Hughes in the first part of June through Elmer Dover of the Treasury Department (a former Obregón agent). Dover to Harding, June 13, 1922, Harding Papers (Box 167). The reply was positive though the Department had received word from the Mexican Foreign Office that de la Huerta had not been commissioned for this task. Hughes to Harding, July 12, 1922, Harding Papers (Box 167).

¹⁰⁴Hanna's Memorandum of a conference between Hughes and de la Huerta, July 18, 1922, For. Rels., 1922, 670-673.

States. Unimpressed, Hughes merely interpreted de la Huerta's proposal and his other viewpoints as a reiteration of Obregón's official position.¹⁰⁵

Meeting with no success at the State Department, and encouraged by the favorable accounts in some U.S. newspapers and magazines on the Lamont-de la Huerta Agreement,¹⁰⁶ de la Huerta held a conference with several Senators, mostly from the Southwest. The result was an unsuccessful proposal for a joint commission to negotiate on an arrangement for Obregón's recognition.¹⁰⁷

Throughout the month of July de la Huerta continued his urgent requests for Obregón's signature to the Agreement of June 16th. From their correspondence it seemed that Obregón's indecision put de la Huerta in an embarrassing position.¹⁰⁸ De la Huerta kept emphasizing to Obregón

¹⁰⁵ Hughes to Summerlin, July 21, 1922, NA, 711.12/450a.

¹⁰⁶ The agreement was viewed as removing an obstacle to successful business enterprise in Mexico, the reestablishment of credit, and a step toward early diplomatic recognition. See the synopsis of press accounts in the Literary Digest, July 1, 1922, p. 16; New York Times, June 17, 1922, p. 12; refer also to Nation, July 5, 1922, p. 5; June 28, pp. 764-765. Less optimistic was Independent, July 8, 1922, pp. 572-573.

¹⁰⁷ Hanna to Hughes, July 29, 1922, NA, 812.00/26031.

¹⁰⁸ The pamphlet Official Documents Relating to the Agreement de la Huerta-Lamont revealed a growing strain in the relationship between de la Huerta and Obregón. De la Huerta showed a certain fluctuation of emotionalism and optimism; Obregón the experienced statesman, more reserve and caution.

These printed documents were released in May, 1924, after the de la Huerta revolt against Obregón in December,

the word "asegurado" (assured), that a loan would be made after the agreement was signed.¹⁰⁹ Obregón remained skeptical of the good faith and sincerity of the International Committee of Bankers which acting as a group was protecting its own interests.¹¹⁰

Obregón's illness in July and some dissension within his cabinet¹¹¹ over the Lamont-de la Huerta Agreement delayed the eventual signing. Whether partially accepting the assurances of his Minister of Finance on a forthcoming loan, or foreseeing potential political advantages for seeking recognition from the United States, Obregón signed the Lamont-de la Huerta Agreement on August 8th. His signature rested upon a certain risk, for compliance

1923. See above, Chapter VIII. While the contents of the documents portrayed a fairly accurate picture, the documents were a carefully edited selection which put the overall burden of the Agreement of June 16th directly on de la Huerta. As Obregón would later charge, the Lamont-de la Huerta Agreement placed a heavier burden upon the Mexican government than it could bear without the loans which never materialized.

¹⁰⁹Official Documents . . ., op. cit., pp. 47-54.

¹¹⁰Ibid., pp. 54-55.

¹¹¹While in favor of the Agreement to demonstrate Mexico's good faith toward her creditors, Minister of Foreign Relations Alberto J. Pani considered some of its terms as serious and unnecessary defects which far surpassed Mexico's capabilities. Pani was later asked to relinquish his opposition to the agreement. Alberto J. Pani, Mi Contribución al Nuevo Régimen (1910-1933) (Mexico: Editorial "Cvltvra," 1936), pp. 281-283.

with the terms of the agreement was considerably dependent upon Mexico's petroleum reserves.¹¹² While petroleum production was still in its peak in 1922, especially in the newly explored fields, there were occasional warnings of depleted wells or those which had reached salt water.¹¹³ How long Mexico's seemingly unlimited natural resources of petroleum would last at the present rate of output was open to speculation. If recognition by the United States did not follow shortly, Obregón would be without the loans he considered necessary to keep his government functioning and committed to its international obligations on the foreign debt.¹¹⁴

¹¹² It should be noted that petroleum production provided only thirty-one percent of the total revenue for the Mexican government. U.S., Bureau of Foreign and Domestic Commerce, "Mexico," Supplement to Commerce Reports, Trade and Economic Review for 1922, No. 42, p. 10.

¹¹³ Foreign Minister Pani explained to General Calles, the head of the Cabinet, that a loss in petroleum production meant a corresponding loss in revenue for the Mexican government. Pani to Calles, August 14, 1922, AGN, 104-Pl-T-1 Pg 15-1.

Over a period of ten months in 1922 petroleum production in Mexico had gradually declined from its 1921 level, with a consistent loss registered since July. New York Times, November 20, 1922, p. 4. The total production for 1922 was 182,278,457 barrels, a decrease of 11,119,125 barrels from the total of the previous year. Summerlin to State, April 5, 1923, For. Rels., 1923, 526.

¹¹⁴ When questioned in the Mexican Senate on the Agreement of June 16th, de la Huerta in effect admitted that without continued petroleum production, improved economic conditions in the country and subsequent diplomatic recognition from the United States, the Obregón government could not be able to make the necessary payments. Hanna to Hughes, October 3, 1922, NA, 812.51/908.

Notifying de la Huerta that the Agreement had been found acceptable to the Cabinet, Obregón considered that it was likewise the responsibility of the Mexican Nation and should thereby be ratified by the Mexican Congress. In his annual address to the Mexican Congress on September 1st, Obregón upheld the Agreement as an example of the step which the Mexican government had undertaken toward fulfilling its international obligations. On September 16th the Lamont-de la Huerta Agreement was approved by the Mexican Senate¹¹⁵ and ratified by both houses of Congress. The Agreement was officially promulgated by an executive decree on September 29th.

Thomas Lamont found the agreement of June 16th in accord with Mexico's sovereignty and satisfactory to her creditors.¹¹⁶ The implementation of the Agreement remained a question to be solved. As Minister of Finance, de la Huerta had played a key role both in the negotiations with the oil companies in the September 3, 1921, agreement and later in the March, 1922, settlement and in the negotiations with the International Committee of Bankers. His task had been to find some honorable means for the Mexican government to seek an arrangement with its creditors. So

¹¹⁵As provided for in Article 76, paragraph I of the Constitution of 1917.

¹¹⁶Lamont to Hughes, June 19, 1922, NA, 812.51/914.

well pleased with the agreement reached in June and so eager for its approval, de la Huerta may have deceived himself by mistaking sympathetic words of a loan from the bankers for promises. Desiring the permanent settlement of Mexico's foreign debt, he seemed to have believed that the agreement would automatically work out. Nonetheless, his anticipated hopes for a loan from the bankers once the agreement was ratified were not fulfilled. De la Huerta had brought back to Mexico an agreement which might mortgage Mexico's future in its capacity to pay, and which did become part of the political turmoil in Mexico by November, 1923.¹¹⁷

One factor, perhaps, was in his favor. The Lamont-de la Huerta Agreement was one more example which Obregon could point to as fulfilling its international obligations. While this agreement was strictly a private negotiation and did not in itself bring diplomatic recognition from the United States, it did provide one further piece of ammunition in the arsenal of the opponents of the State Department's policy toward Mexico. The opponents were becoming stronger and more annoying during 1922 as the

¹¹⁷The Lamont-de la Huerta Agreement remained in effect about one year. With the de la Huerta rebellion in December, 1923, the Obregón government could no longer meet the terms of the agreement, and it was temporarily suspended. A new agreement concluded by Lamont and Alberto J. Pani became effective in 1925.

Department's hard-line policy was forced further on the defensive. Eventually by the autumn of 1922 signs of a change of attitude became increasingly evident in the State Department toward the possibility of a compromise.

CHAPTER VI

TOWARD A SOFTENING LINE AND COMPROMISE

In the early months of 1922 the prospect for Obregón's recognition appeared somewhat more pessimistic than in the previous autumn. Reports received in the State Department apprehensively warned that there seemed to be growing discontent in Mexico with the Obregón government.¹ Bandits and revolutionary bands were becoming more active, labor unions with their rapidly increasing membership were demanding the immediate implementation of Article 123 of the Constitution of 1917, and strikes among industrial and railway workers were more frequent.² Burdened with a high cost of living and low wages, Mexico was also entering

¹The Department officially requested all its consular officers in Mexico to relay reliable data on conditions in each consular district. State Department to all U. S. consular officers in Mexico, April 14, 1922, NA, 812.00/25536a.

²As Chief of the Division of Mexican Affairs, Matthew E. Hanna presented a twelve page memorandum to Hughes based on reports received from various U. S. consular officers in Mexico. Hanna to Hughes, January 26, 1922, NA, 812.00/26021.

into a business recession.³ Wages for government employees and schoolteachers were behind in payment.

In the countryside the agrarian reform program was slow and cumbersome. The program itself was fairly selective to avoid the disruption of the whole agricultural economy. Moreover an unusual drought had already begun to cause a food crop chortage.⁴ Well operating and productive lands were obviously not being expropriated. To the dismay of the recipients, the payment for lands which were expropriated was made in long-term agrarian bonds. For some time the Governors of various states had been enacting agrarian and labor legislation which was politically embarrassing to the federal government in Mexico City. Because of several resignations in his cabinet, there was even rumor of a lack of confidence in Obregón.⁵

³One cause given for the recession was a too rapid overexpansion program in certain areas of the economy which led to a decrease in imports, then a decline in exports. U.S., Bureau of Foreign and Domestic Commerce, "Mexico," Supplement to Commerce Reports, Trade and Economic Review for 1921, No. 20, pp. 1-15; "Mexico," Supplement . . . for 1922, No. 42, pp. 1-32.

⁴Of Obregón's four years in office, the year 1922 showed a definite decline from the previous year in the agrarian reform program. During 1923 the land distribution total rose to a little more than the 1921 level, but in 1924 it more than doubled itself. See the statistics in Frank Tannenbaum, The Mexican Agrarian Revolution (New York: The Macmillan Company, 1929), p. 329.

⁵According to John W. F. Dulles, these resignations were primarily over matters of policy and disputes among the members of the cabinet. Dulles, op. cit., pp. 100-128.

If the reports implied a decline in Obregón's popularity and prestige, if not power, no mention was made of the fact that the absence of diplomatic recognition was perhaps a contributing factor. The Chief of the Division of Mexican Affairs concluded in his memorandum of January 26th that the State Department had given careful and sympathetic consideration to every gesture toward recognition made by the Mexican government.⁶ But the Department's policy, he added, was as basically sound as when it had been formulated shortly after Harding took office.⁷

While no agreement was reached between the two governments during 1921, Minister of Foreign Relations Alberto J. Pani did offer a possible opening into the diplomatic impasse. Unnoticed in the conventional correspondence between the two governments was a draft of a claims convention proposed by Pani in his note of November 19, 1921. Although clothed in the usual formal diplomatic language, upon closer examination it provided for an interpretation which the Obregón government hoped would convince the United States of Obregón's sincere desire to seek recognition on its terms.

⁶See above, footnote 2.

⁷A similar attitude was expressed by Chargé Summerlin in Mexico City. Hanna to Hughes, April 11, 1922, NA, 812.00/26097.

The whole question of the settlement of claims of damages to the life and property of Americans, as well as to other foreigners, had been dangling since 1913. Carranza had presented to the United States and to other governments concerned several proposals for a mixed claims commission. This type of commission was a normal operation of international diplomacy for the settlement of such claims. The Wilson administration by February, 1920, was favorably disposed toward these proposals but Carranza's overthrow prevented any serious steps being undertaken. Afterwards, Obregón on several occasions announced his intention to enter into negotiations with those governments whose citizens had legitimate claims against Mexico. On July 13, 1921, formal invitations were extended by Mexico for a permanent mixed claims commission⁸ to be established and operated under the normal procedures of international law.⁹ Receiving no reply,¹⁰ the Obregón government several

⁸In addition to the United States, thirteen countries in Europe received invitations. By the eventual claims conventions concluded in 1923-1924 only France, Great Britain, Germany, Italy and Spain, besides the United States, presented and received settlement of claims from the Revolution. Abraham H. Feller, The Mexican Claims Commission, 1923-1934; A Study in the Law and Procedure of International Tribunals (New York: The Macmillan Company, 1935), pp. 19-20, 23-24.

⁹The Mexican Embassy in Washington to the State Department, July 13, 1921, For. Rels., 1921, 504-505.

¹⁰The European countries apparently awaited the recommendation of the United States on the matter.

months later in one of its general memoranda to the State Department on the matter of recognition included two tentative proposals on claims conventions.¹¹

The first proposal provided for a special claims convention to establish a commission composed of representatives of both countries for the purpose of examining claims of damages specifically resulting from the Revolution presented by American citizens against Mexico and for awarding appropriate indemnities. In this convention the time limits of the Revolution were fixed between November 20, 1910, and May 31, 1920. In the opinion of the Obregón government this proposal clearly demonstrated its intention to remove obstacles to cordial relations between the two countries. Upon the joint signing of the special claims convention, Obregón would be "implicitly recognized by the Government of the United States, and relations being thus reestablished without impairment to the dignity and sovereignty of Mexico . . ."¹² With this implicit recognition the Obregón government could on the basis of legal equality¹³ with the United States then

¹¹The memoranda and proposals were dispatched by Summerlin to the Department, November 21, 1921, For. Rels., 1921, 605-614.

¹²For. Rels., 1921, 507.

¹³The legal equality of states under international law was obtained by diplomatic recognition.

conclude a general claims convention. Another mixed commission would be created to determine all pending claims (exclusive of the revolutionary decade) of both American and Mexican citizens against either country for injuries since the previous general claims convention between the United States and Mexico in 1868.

The signing of the special claims convention which implicitly recognized the Obregón government was its counterproposal to the U.S. Treaty of Amity and Commerce. The interpretation to be given to the convention showed the willingness of the Obregón government to make the private compromise often concluded between contending governments. The special claims convention would be arranged and settled only to the benefit of the American claimants, as Pani pointed out, and not according to the principles of international law as would be announced.¹⁴ The terms "equity" and "magnanimity" in Article 2 of the convention were comprehensive enough in scope to cover most alleged claims. The indemnities allotted for damages were fairly generous.¹⁵ For example, by Article 5 an award for a personal injury was not to exceed that which would be conceded by the "most favorable law" in the United

¹⁴For. Rels., 1921, 507.

¹⁵Specific time limits of payment for indemnities would have to be graduated according to Mexico's financial capabilities.

States relating to accidents.

While it brought no immediate results, the proposed draft of the special claims commission reopened a series of informal and unofficial notes between Hughes and Pani during the first half of 1922. Hughes wanted the procedure involved in the special claims convention to be clarified, and requested what explicit evidence of good faith the Mexican government could offer towards its usage as the instrument of recognition. Pani replied that the United States was to sign the first claims convention (the special claims convention) which implicitly recognized Obregón; immediately afterwards the second claims convention (the general claims convention) would be signed. After diplomatic recognition had been fully accorded by the exchange of authorized representatives (ambassadors), Obregón would negotiate a treaty of amity and commerce as proposed by the United States, provided that it contained no clause fundamentally in opposition to Mexican laws.¹⁶

Hughes seemed favorably inclined toward this procedure.¹⁷ His only stipulation was the unremitting demand for the

¹⁶Hughes note to Summerlin, January 25, 1922, For. Rels., 1922, 639. Ironically for the State Department, the basic structure and procedure of the two claims conventions proposed by the Obregón government would become part of the eventual settlement between the United States and Mexico in 1923.

¹⁷Hughes's reply to Pani, Hughes to Summerlin, February 4, 1922, For. Rels., 1922, 640, 646-652.

signing of the Treaty of Amity and Commerce as previously drafted by the United States. In his estimation the signing of the claims conventions was futile unless the rights of U. S. citizens acquired prior to the promulgation of the Constitution of 1917 were properly safeguarded. If the Obregón government could give assurances contained in the claims conventions, Hughes saw no logical reason why it could not simultaneously provide assurances for the adequate protection of American citizens and their property rights in Mexico. Nor did there exist in Hughes's mind at least any barrier to Obregón's immediate signature on the Treaty of Amity and Commerce,¹⁸ when according to the Mexican Constitution the executive was empowered to make treaties with foreign governments subject to the approval of the Senate.

Over the next several months Pani sought to impress upon the State Department that the problem for the Obregón government involved more than the legal and technical details in the Treaty of Amity and Commerce.¹⁹ The Obregón government was more than willing to accommodate the requirements of the United States, but only upon terms acceptable to

¹⁸Hughes to Summerlin, April 15, 1922, For. Rels., 1922, 651.

¹⁹Pani's replies to the State Department, Summerlin to State, February 9, 1922, For. Rels., 1922, 641-646; May 5, 652-659; May 25, 660-669.

Mexico's dignity and sovereignty. As interpreted by Obregón, this statement meant anything which could not be used by his political enemies as a pretext for the overthrow of his government. Obregón, argued Pani, could scarcely ignore the domestic political situation and the Mexican psychology. For these reasons the claims conventions had been proposed as a substitute for the Treaty of Amity and Commerce as the basis for renewing diplomatic relations. Obregón's emphasis was on the necessity of "spontaneity" in the recognition of his government. The claims conventions as the basis for recognition and the renewal of formal diplomatic relations would not give the impression in Mexico (as would the treaty proposed by the United States) of a recognition dictated by the United States. The claims conventions would be an executive agreement mutually entered into by both governments on an equal basis. Though executive agreements were subject to the approval of the Mexican Senate, they did not convey the same hard-bound commitment as did a treaty. Moreover they technically bound only that government which entered into the agreement. By this means Obregón could achieve diplomatic recognition on the least possible political risk, while simultaneously taking into due consideration the Mexican political psychology which the State Department failed to appreciate.

By the end of July Hughes still maintained that

Mexico's internal conditions and Obregón's assurances were insufficient as a substitute for the Treaty of Amity and Commerce.²⁰ By this time, however, Hughes was willing though reluctantly to at least acknowledge Obregón's political objections to the treaty. If the Treaty of Amity and Commerce was unacceptable, Hughes opened to discussion the particular form of assurances which Obregón would give against so-called confiscatory measures in Mexico. Hughes still recalled that for Carranza's recognition the Wilson administration had accepted broad promises contained in a diplomatic note. After his recognition the Wilson administration argued that these promises were later supposedly disregarded or violated. To avoid what he considered to have been an initial mistake, Hughes demanded assurances to be given in a formal agreement which bound the Obregón government.

While the Mexican Foreign Office and the State Department were exchanging diplomatic notes, the agitation for Obregón's recognition was increasing in the United States. By the spring of 1923 at least twenty-three states had sent resolutions to Washington requesting Obregón's recognition. Business organizations, chambers of commerce, manufacturers and wholesalers, bankers and financiers--

²⁰Hughes's note to Pani, Hughes to Summerlin, July 28, 1922, For. Rels., 1922, 674-680.

all of which were doing business in Mexico (mainly from New York, the mid-West or the West coast)--complained that their business relations with Mexico were handicapped by Obregón's non-recognition.²¹ A few prominent business men as Chairman Elbert H. Gary of the U. S. Steel Corporation and President G. H. Gibson of the Chicago Steel Car Company made complimentary comments in public addresses and in the press about the accomplishments and progress in Mexico which warranted Obregón's recognition.²² Encouraged by the resolutions passed by the Tri-State Association of Credit Men representing Texas, Arizona and New Mexico,²³ credit associations in Indiana and Montana pressed

²¹Refer to the letters in NA, Decimal File Group 711.12/. Obregón was also conscious of this sentiment from the number of letters and the literature forwarded by various American business men. AGN, 104-R1-E-1; 104-R1-E-2; 104-R1-E-5; 104-R1-E9; 104-P1-P-8. A few American companies which had suffered serious personal and property losses in Mexico actively supported the State Department's firm policy. For example, Howard L. Oliver of the Oliver Trading Company to the State Department, July 21, 1922, NA, 7711.12/448.

²²Judge Elbert Gary's comments rated a first page spread in the Sunday feature section of the New York Journal-American (a W. R. Hearst newspaper) on March 31st and on April 9th. Hanna to Hughes, April 10, 1922, NA, 812.00/26097; see the clippings in AGN, 104-R1-E-5 Pq 15-1.

²³T. E. Blanchard to Hughes, February 24, 1922, NA, 711.12/393; March 10, 1922, NA, 711.12/406.

for Obregón's recognition.²⁴

The American Federation of Labor, active in Mexico's labor organizations, found no valid reason for delaying recognition to a government which had maintained law and order and respect to American life and property while simultaneously retaining the goals of the Revolution.²⁵ State Federations of Labor and Trade and Labor Councils expressed a similar sentiment in numerous resolutions.²⁶

In the press and periodicals were further arguments on the irrationality of the continued non-recognition of Obregón.²⁷ The general sentiment of this portion of opinion

²⁴How far the influence of propaganda for Obregón's recognition had progressed may be assessed by the fact that several American rubber companies not located in the Southwest had endorsed the resolution of the Tri-State Association of Credit Men. See NA, Decimal File Group 711.12/ for 1922.

²⁵Report of Proceedings of the 42nd Annual Convention of the AFL, 1922 (Washington, D.C., 1922), Resolutions No. 31, 103. AFL President Samuel Gompers reflected an attitude similar to certain liberal periodicals by his insinuation that the U.S. policy toward Mexico was directed by American capitalists and bankers. American Federationist, March, 1922, 97-99.

²⁶For example, those in the states of Massachusetts, Pennsylvania, Indiana, Illinois, Wisconsin, Louisiana, Texas, and California. AGN, 104-R1-E-15 Pg 16.

²⁷See the survey of a majority of newspaper editorial opinion in the Literary Digest, April 8, 1922, p. 16. Editorials in the New York Times were generally more conservative in agreeing with the overall policy of the State Department; yet they praised Obregón's achievements as a step toward recognition. New York Times, January 26, 1922, p. 16; February 26, II, p. 4; September 4, p. 12. Refer also to the articles and editorial comments in Century

was that a government which had remained in power for over a year without recognition, had given some degree of peace and stability to the country, and had shown itself willing to fulfill its international obligations, adequately satisfied basic requirements for diplomatic recognition. One of the more active campaigners for Obregón's recognition was the newspaper magnate William Randolph Hearst, who visited Mexico in the fall of 1921.²⁸ Over the next year and a half the newspapers and magazines controlled by his syndicate,²⁹ in addition to a series of articles written

Magazine, March, 1922, pp. 716-726; July, 1922, pp. 373-384; Nation, May 10, 1922, pp. 561-562; New Republic, May 24, 1922, pp. 356-358; Illustrated World, August, 1922, pp. 819ff; Freeman, September 13, 1922, n.p.; Current History, September, 1922, pp. 1010-1021; Sunset, the Pacific Monthly, January, 1923, p. 52. The Pan American Magazine devoted its October, 1922, issue to Mexico.

Of the major periodicals only the Independent, whose articles were written by the Managing Editor of the National Association for the Protection of American Rights in Mexico and other similar organizations, reflected the necessity of a continued non-recognition policy. Independent, April 22, 1922, pp. 383-384; May 27, pp. 480-481; September 16, pp. 119-120.

²⁸A report from the Bureau of Investigation, Department of Justice, revealed that Obregón had supposedly contracted Hearst for the sum of \$210,000 to publish propaganda for the recognition of his government. Attorney General H. M. Daugherty to Harding, February 23, 1922, Harding Papers (Box 167).

²⁹Refer to the list of newspapers, magazines and news services owned by Hearst in John K. Winkler, W. R. Hearst: An American Phenomenon (New York: Simon and Schuster, 1928), p. 319.

by Hearst himself,³⁰ reflected a highly optimistic attitude toward conditions in Mexico and the desirability of recognition for Obregón.

Within the U.S. Congress Obregón was slowly gaining more sympathy. Representatives Thomas Connally (D, Tex.), Meyer London (D, N.Y.), and Carl Hayden (D, Ariz.) were urging immediate recognition before the State Department's policy forced the collapse of the most capable leader Mexico was ever fortunate enough to have in office.³¹ Some dissension was expressed by Representative Claude Hudspeth (D, Tex.) who agreed wholeheartedly with the Department's policy.³² In the Senate only William King (D, Utah) presented an extensive argument against Obregón's recognition.³³

³⁰Four articles by Hearst were reprinted in a pamphlet It is Time to Recognize the Present Stable Government of Mexico (New York: Cosmopolitan Book Corporation, 1922); In these articles Hearst attacked "schemes" by selfish banking and oil interests against the Obregón government.

³¹Cong. Record, 67th Cong., 2nd Sess., February 23, 1922, 2972-2976; April 6, 5125-5126. In his appraisal of the Obregón government the U.S. Consul at Ciudad Juarez, Mexico, was doubtful whether "a more stable government under any other leader [Obregón] would be possible in Mexico." John W. Dyer to State, February 24, 1922, NA, 711.12/394. A similar sentiment had been expressed earlier by business men who had visited Mexico. New York Times, October 21, 1921, p. 23.

³²Cong. Record, 67th Cong., 4th Sess., December 11, 1922, 323-327.

³³Ibid., 67th Cong., 1st Sess., August 15, 1921, 4989-4990; 67th Cong., 2nd Sess., April 21, 1922, 5795-5813. King was defending the pleas of Mormons whose extensive land holdings received during the Diaz regime were being expropriated.

By early summer there were indications that the frequent and harsh criticisms of the State Department's Mexican policy had begun to thoroughly irritate Hughes. To Hughes, a jurist by profession and a man convinced of the righteousness of his policy, the rumors and criticisms seemed unjust and inaccurate--even deliberate falsehoods--without the necessary facts and circumstances involved. In answering queries and criticisms Hughes had usually used the ambiguous expression: "a high official of the State Department" commented on the situation. When challenged, however, by the liberal magazine Nation, Hughes considered that he could no longer restrain his anonymity. Managing editor Ernest Gruening had included in one issue a listing of ten questions directed to the Secretary of State. These questions in effect demanded that Hughes make public all of the official and unofficial correspondence with the Mexican government on the matter of recognition, and with any other foreign countries involved.³⁴ Hughes's reply, reprinted in the Nation,³⁵ was a stinging

³⁴Nation, May 24, 1922, pp. 614-615. This demand had been mentioned earlier in the year by several journalists and Congressmen.

³⁵Ibid.

retort of this proposal.³⁶ In the national interest Hughes had exercised proper discretion by not making the correspondence public at the time. When it was published, Hughes added, this correspondence would not be found inconsistent with the announced policy or aims of the State Department. Undaunted, the Nation persisted in unrelenting criticism of the Department's policy toward Mexico.

Most irritating to Hughes was a scathing address in the Senate on July 19th by Edwin F. Ladd (R, N.D.).³⁷ Ladd's address was a compendium of all previous arguments advanced in favor of Obregón's recognition. Hughes regarded the speech as a highly deceiving propaganda measure designed to mislead the American public through misrepresentation of facts and malicious accusations.³⁸ In his

³⁶Hughes had previously denied as false and inaccurate the assumptions of an article in the Nation accusing the State Department of using the non-recognition of the Obregón government as a scheme to advance its so-called "imperialistic hegemony" in the Caribbean. See Henry G. Alsberg, "Mexico: The Price of Recognition," Nation, May 10, 1922, pp. 561-562.

³⁷Cong. Record, 67th Cong., 2nd Sess., July 19, 1922, 10417-10426. A pamphlet based on the speech was published in both English and Spanish.

³⁸Hughes saw a possible link between Ladd's address and de la Huerta's visit to Washington in July. De la Huerta had met with Harding and Hughes on the day prior to the address (and de la Huerta had visited several U.S. Senators). Hanna Memorandum, July 28, 29, 1922, NA, 812.00/26075. Hughes to Harding, July 24, 1922, Harding Papers (Box 167).

former role as jurist in the New York State Supreme Court and the U.S. Supreme Court Hughes had been largely detached from public criticism. As Secretary of State Hughes considered that he had been extremely patient and tolerant in remaining silent on derisive statements against the Department's policy. When these statements were being made in the upper house of Congress, Hughes informed Harding that he could not restrain his self-composure.³⁹ Fearing that silence in this instance would be misinterpreted at home and abroad, Hughes delivered a sharp rebuttal to Ladd's address in a press conference the following day.

In part Hughes's reply might have been justified by his contention about Ladd's address. Yet this speech like the articles in the Nation were only a few of many similar criticisms of the Department's non-recognition policy. Hughes's annoyance at this criticism seemed more readily noticeable by Summer, 1922. The Department as a whole, of course, continued to be the subject of diverse opinions. But the criticisms were becoming increasingly pointed to the chief officer of the State Department--the Secretary. The articles in the Nation and Ladd's address clearly and hostilely delineated their subject.

³⁹Hughes to Harding, July 24, 1922, Harding Papers (Box 167).

Not only were questions and criticisms being referred to the "Secretary of State," but Hughes's name was now commonplace. In 1921 Harding, Fletcher and Fall bore the brunt of criticism, while Hughes was seldom mentioned, or if so, was portrayed as the honorable, upright custodian of justice and righteousness. In 1922 Hughes's image lost its luster and his name was smeared in the mire of practical political life.

Hughes by nature possessed a rigid self-control, an emotional detachment, and an acute sensitivity to criticism. Hughes's image of himself, which reflected his puritanical background, consisted of what might be called a perfectionist personality.⁴⁰ In his self image he had elevated himself almost above the realities of life, including politics. His idealized conception of himself was vitalized by praise and respect. In light of his just and honorable image of himself, external criticism was obviously unfair, if not intolerable.⁴¹ Criticism, to

⁴⁰Betty Glad has presented a penetrating insight into Hughes's thought and personality based upon his papers, the opinions of his friends, relatives and associates, and on the theoretical analysis of psychologists and other scholars. See Betty Glad, Charles Evans Hughes . . ., Chapter 7, "Puritanism and its Consequences."

⁴¹In the evaluation of Betty Glad, Hughes's ". . . rejection of all criticism, his determined political innocence, his avoidance of emotional intimacy with others--all these kept him from any serious questioning of the image he claimed for himself." Glad, op. cit., p. 113. According to John Chalmers Vinson, Hughes's tragedy lay

Hughes, implied perhaps a fallibility or a failure. When Hughes told Harding he could no longer tolerate criticism of the Department's policy, he was speaking as much for himself as for the Department. Hughes had been forced, though very reluctantly, to step down from his pedestal and to enter into the realm of reality, of politics, by replying to these unfair criticisms. Already the first cracks in the marble image of himself began to show the stress, strain and wear upon the surface, and to reveal the anxiety within.⁴² That the Department's policy on Obregon's recognition might have been too narrowly construed, inconsistent, and out of sympathy with a growing public sentiment meant its inner failure. To acknowledge the policy's failure was to admit defeat. Hughes could not, and did not want to, concede his fallibility. He continued the facade of the Department's policy still in anticipation of its successful justification.

While Hughes reaffirmed his policy, Obregón remained no closer to actual recognition than he had been when Harding took office in March of the previous year. In

not in his irritation to criticism but in that "he could not accept defeat." Vinson in Graebner (ed.), An Uncertain Tradition . . ., p. 131.

⁴²Hughes showed considerable strain, and had numerous periods of elation followed by depression. Glad, loc. cit.

his second annual message to the Mexican Congress on September 1, 1922, however, Obregón presented an optimistic front. To account for his non-recognition from the United States, Obregón emphasized that his government still preferred to wait for recognition rather than to accept the Treaty of Amity and Commerce proposed by the United States.⁴³ Nonetheless he stressed the steps taken by his government toward recognition within the last year such as the proposal on the claims conventions and the Lamont-de la Huerta Agreement. He pointed to the increasing sentiment for his recognition among the American people. Implicitly placing the burden for the failure of his recognition on the United States, Obregón's concluding remarks did hint at still another proposal on the part of the Mexican government to meet the requirements of the State Department for recognition. The new substitute to provide the equivalent guarantees for the Treaty of Amity and Commerce was a petroleum law interpreting and regulating Article 27 of the Mexican Constitution.

This legislation was the final compromise which Obregón could offer. All previous efforts--Obregón's personal assurances, the proposed claims conventions, the

⁴³Obregón's message to the Mexican Congress, September 1, 1922, as translated in International Conciliation, No. 187 (June, 1923), 22-29.

Lamont-de la Huerta Agreement, and the five decisions of the Mexican Supreme Court⁴⁴--had failed to produce any fruitful results. Several times in his diplomatic correspondence with the State Department in 1921 Obregón had spoken of the unified purpose of the branches of his government to meet the legitimate requirements of the United States. By the summer of 1922 Obregón and the Supreme Court, representing the executive and the judicial branches, had undertaken specific action. There still remained the Mexican Congress to enact legislation regulating Article 27.⁴⁵ Since Hughes had continually

⁴⁴Upon receiving copies of the four decisions rendered by the Mexican Supreme Court earlier in the year, the State Department found these decisions, which were similar in wording to that on The Texas Company amparo case in 1921, to neither create a precedent in law nor to adequately safeguard to the satisfaction of the Department all legitimate rights of American citizens in Mexico. Press release of the State Department, August 10, 1922, For. Rels., 1922, 680-681.

The Mexico City press likewise voiced criticism that the five decisions of the Mexican Supreme Court had not definitely settled the question of Article 27 and non-retroactivity. Summerlin to State, August 11, 1922, NA, 812. 6363/1175.

⁴⁵By Article 73, Section X, of the Constitution of 1917 the Mexican Congress had the power to legislate on "hydrocarbons." The Mexico City press, in particular Excelsior and El Universal, had pointed out that Article 27 was capable of two interpretations and recommended that the Chamber of Deputies provide a precise interpretation of the article. New York Times, June 28, 1921, p. 17.

referred to this point, Obregón could assume that the State Department still placed considerable weight upon a precise and definitive interpretation and regulation of Article 27.

Since 1918 the need had existed for some form of congressional legislation to define the status of the petroleum industry and its relationship to Article 27. Carranza's proposed petroleum law submitted to Congress on November 23, 1918, had failed to pass the Chamber of Deputies.⁴⁶ After taking office, Obregón had encouraged the Chamber of Deputies, the Ministry of Industry, Commerce and Labor, and several lawyers to make a technical and legal study of Article 27. A proposed draft of a petroleum law was prepared by the Petroleum Committee of the Chamber of Deputies in August, 1921, but no action was taken on the bill.

Sometime in the early fall of 1922 Obregón had prepared a lengthy address, which included a draft of a proposed petroleum law, to be presented to the Chamber of Deputies.⁴⁷ The draft within the address was to be his final compromise to the State Department, and its contents

⁴⁶ Ambassador Fletcher to State, December 3, 1918, For. Rels., 1918, 772-783.

⁴⁷ The address was dated October, 1922, AGN, 104-P1-P-13. Many of the provisions of this draft were similar to that prepared by the Petroleum Committee of the Chamber of Deputies in August, 1921.

show Obregon the politician and the statesman at his best finesse. As explained in the address, the purpose of the proposed petroleum legislation was to carry out the provisions of Article 27 of the Constitution of 1917 while encouraging at the same time the continued development and progress of the petroleum industry in Mexico. Obregón reaffirmed that within the general aims of the Revolution the reasoning of the Constituent Assembly in December of 1916 on the matter of the hydrocarbons was sound. The rapid growth of the petroleum industry in Mexico, however, until Mexico had become by 1920 the second largest producer of oil in the world had created a new set of circumstances which needed to be carefully evaluated.⁴⁸ The petroleum industry in Mexico as a source of revenue as well as for employment was essential to the future prosperity of the country. The crucial issue was that its initial development had been undertaken by foreigners under legislation existing prior to the Revolution which gave to the owner of the surface land the right to ownership of the subsoil. Article 27 had reasserted the ownership of the subsoil mineral deposits, including petroleum, in the Mexican Nation.

With the proposed legislation Obregón was suggesting

⁴⁸Carranza had become aware of this new setting by proposing to the Mexican Congress in November, 1918, a petroleum law to regulate Article 27.

a compromise between the principles contained in the Constitution, which he as President was pledged to uphold, and the expediency of appeasing the financially indispensable foreign owned petroleum industry in Mexico. Because the export taxes from the industry had been applied to the payment of the foreign debt, Obregón could scarcely enforce the strict application of Article 27. Based upon the political and economic alternatives open to him, Obregón was attempting to secure a regulation of Article 27 sufficient for the minimal implementation of the Article but not seriously detrimental to hinder the operations of the petroleum industry.⁴⁹

The initial three articles of his proposed petroleum law clearly expressed the principle of the sovereignty of the Mexican Nation over the hydrocarbons. The remaining articles, however, consisted of a precisely outlined and detailed procedure for the granting of carefully screened concessions by the federal government to the oil companies for the exploitation of the subsoil. To settle the disputed interpretation between the legislation of the Porfirio Díaz era and Article 27 of the Constitution

⁴⁹ Foreign Minister Pani had remarked to Summerlin that the regulation of Article 27 through legislation was the only possible alternative open to Obregón at the time. He added that it would take nearly twenty years before any attempt to amend Article 27 would be successful. Summerlin to Hughes, October 6, 1922, NA, 812.6363/1219.

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of 1917 on subsoil ownership Obregón offered a further advantage. The rights to the exploitation of the subsoil deposits, acquired either through legislation existing prior to the promulgation of the Constitution or through compliance with the decrees of the Mexican government since May 1, 1917, were to be respected. With the exception of certain restrictions for the public interest those individuals or companies which obtained ownership to land in Mexico under the Díaz legislation retained that ownership. The only stipulation which Obregón placed upon this ownership was in the legal title to the land. The Mexican Nation was the proprietor of the subsoil; the individuals or companies were the lessees or concessionaries.

Obregón had gone as far as he politically dared with the proposed petroleum law. He had satisfied the principles of the Revolution contained in Article 27 by reaffirming the legal ownership of the subsoil mineral deposits by the Mexican Nation. In effect the oil companies in Mexico were permitted the right to exploit the subsoil mineral deposits as though they were technically the owners of the land. They received full benefits of the use of the land but rented rather than owned it. To provide for the proper interpretation of the technical points of the proposed law Obregón had reserved this responsibility to the executive branch. Article 14 of the proposed law put the petroleum industry under "exclusive

federal jurisdiction." Obregón was attempting to give to himself and his cabinet a flexibility in dealing with the oil companies which could not be done if the legislature handled this interpretation. Because the petroleum industry in Mexico had shown fluctuation in production, Obregón did not wish to be bound to a fixed and precisely regulated law which did not allow for unforeseen conditions or circumstances. By having the executive branch determine the ultimate meaning of the proposed petroleum law, Obregón retained sufficient leeway in the necessity of compromise in the future.

Obregón had inserted into the proposed law what the Chamber of Deputies had denied him in July, 1921; that is, the power to adjust Article 27 according to what the Obregón government decided was in the best interest of Mexico. Ever cautious of his domestic position, Obregón realized that political expediency, even if in the long run for the best interest of the country, would not always coincide with Mexican nationalism.⁵⁰ Anxious to have this legislation passed,⁵¹ Obregón met with the President

⁵⁰At a cabinet meeting in November on the proposed petroleum law Obregón stated that the national interest should supersede any strictly legal aspect of the law. Memorandum of a Conference of the Council of Ministers, November 14, 1922, AGN, 104-P1-P-13 Pq 15.

⁵¹During 1921 Congress had been fairly independent of Obregón, even though his party (Partido Liberal Constitucionalista) composed the majority of Congress. Dulles, op. cit., pp. 126-128. After the Congressional elections in July, 1922, Obregon was supposed to control both houses

and several other members of the Chamber of Deputies in early November on discussion of the regulation of Article 27.⁵²

As Obregón's proposed legislation was pending, the first public signs of a softening attitude on the part of the State Department began to appear. In a speech delivered in Boston, Massachusetts, on October 30th Hughes touched on Mexico.⁵³ In his usual legalism Hughes argued that changes in governments or domestic legislation within a country did not rescind the international duty to make appropriate retribution for investments and property rights lawfully acquired by citizens of other countries before the changes were enacted. This was the problem facing the United States in Mexico; a relatively simple problem, Hughes added, within the scope of the Obregón government to solve. However Hughes emphasized that the Department was no longer insisting upon the particular form of assurances such as the Treaty of Amity and Commerce. In view of the State Department's experience with Mexico over the past decade, Hughes merely required adequate assurances

of Congress with a large majority favorable to his policies. New York Times, September 6, 1922, p. 14.

⁵²Obregón to President of the Chamber of Deputies, Lic. D. Salvador Franco Urias, November 5, 1922, AGN, 731-A-11 (2).

⁵³International Conciliation, No. 187 (June, 1923), 29.

for the safeguarding of American lives and property rights within Mexico.

The expression of willingness by the State Department to accept suggestions eventually would open up the way for the beginnings of serious negotiations. The mild softening attitude in October, 1922, may have been in part an answer to public criticism of the Department's policy.⁵⁴ Hughes sincerely desired that relations between the United States and Mexico be restored but primarily on U.S. terms. Convinced of the legal soundness and righteousness of the Department's policy, Hughes could not abandon his dogmatic approach to the solution of diplomatic problems. Without basically altering the substantive principle set in the policy statement of June 7th, 1921, Hughes endeavored to show his willingness to arrive at a settlement with Mexico by compromising on the procedural form.

In the meantime, if the Department's policy had long since lost its rationale except for a very narrow legality, several occurrences in the late fall of 1922 and in the early months of 1923 would embarrass the Department and further belittle its policy not only in Mexico but at home as well. By February of 1923 Hughes was

⁵⁴See above, footnote 20. Hughes was publicly announcing what he had previously stated in a note to the Obregón government on July 28th.

earnestly seeking a definite and immediate settlement with Mexico.

The first embarrassing incident for the Department resulted from Obregón's proposed petroleum law. In late September a draft of the proposed law to be submitted to the Mexican Chamber of Deputies was sent to the Department.⁵⁵ Requested to evaluate the draft, the Department legal counselor J. R. Baker advised that it failed to meet the requirements of the Department and of the American oil interests in Mexico.⁵⁶ The principal barrier remained the provision (of Article 27) that ownership of all sub-soil deposits was vested in the Mexican Nation. If enacted, this law in his opinion would be more detrimental to American rights in Mexico than the decisions of the Supreme Court. Hughes notified Summerlin on October 9th that the Department wished to protest to the Obregón government on the inadequacy of the proposed law.⁵⁷

On October 12th de la Huerta presented a second draft to Summerlin. In a conversation with Pani, Summerlin was informed that any observations or comments from the

⁵⁵Hanna Memorandum to Hughes, September 28, 1922, NA, 812.6363/1212.

⁵⁶Baker Memorandum to Hanna, September 28, 1922, NA, 812.6363/1213.

⁵⁷Hughes to Harding, November 20, 1922, Harding Papers (Box 167).

State Department on the proposed law would be helpful.⁵⁸ In reviewing the second draft Counselor Baker found no change from his earlier evaluations. Receiving the objections from the oil companies on the proposed law,⁵⁹ Hanna of the Mexican Affairs Division recommended that the Department present its disapproval.⁶⁰

When Summerlin presented the Department's objections to the proposed law,⁶¹ Pani and Obregón expressed surprise at the origin of the draft handed them. Having not yet submitted any draft of a proposed petroleum law to the Chamber of Deputies,⁶² Obregón was indignant at this "interference" by the United States in a domestic matter. The reaction in Mexico was instantaneous. The publication

⁵⁸Summerlin to State, October 12, 1922, For. Rels., 1922, 700-701. At the end of the month Pani again told Summerlin the Obregón government welcomed honest criticism of the proposed law. Hanna to Hughes, October 27, 1922, For. Rels., 1922, 702.

⁵⁹Summerlin had recommended that the legal representative of the Association of Producers of Petroleum in Mexico examine the draft to point out important objections which the State Department might otherwise have overlooked. Hanna to Hughes, October 27, 1922, NA, 812.6363/1253.

⁶⁰Attached note of Matthew E. Hanna to Under Secretary William Phillips, November 11, 1922, NA, 812.6363/1248. Fletcher had resigned his post as Under Secretary in January, 1922, to become U.S. Ambassador to Belgium.

⁶¹Hughes telegram to Summerlin, November 11, 1922, NA, 812.6363/1248.

⁶²It was submitted on November 23rd.

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of selective correspondence between the two governments in the Mexican press, Obregón's address in the Chamber of Deputies and his note to all other governments in Central and South America revealed an alleged "attempt" on the part of the United States to censor proposed Mexican legislation. The Mexican Foreign Office denied knowledge of a draft of the proposed petroleum law ever being transmitted to the Department or of requests for its comments on such a draft.⁶³

Hughes gave an official statement to the press on November 18th in defense of the Department's action on the proposed law.⁶⁴ Emphasizing that the United States had no intention to interfere in Mexico's domestic concerns, Hughes stated that the Department had understood that its comments on the draft were invited.⁶⁵ In conclusion Hughes explicitly stated that had a petroleum law satisfactory to the position of the United States been presented, it would have been tantamount to recognition.

⁶³First Secretary of the Mexican Embassy in Washington, Manuel Téllez to Hanna, November 23, 1922, For. Rels., 1922, 705-706.

⁶⁴Hughes to Summerlin, November 20, 1922, For. Rels., 1922, 703-705.

⁶⁵Pani's invitation to Summerlin for comments by the Department on the proposed petroleum law was verified (according to Hughes) by other sources. Hughes to Harding, November 20, 1922, Harding Papers (Box 167).

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⁸³ First Secretary of the Mexican Embassy in Washington,
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⁸⁴ Hughes to Summerlin, November 20, 1922, For. Rel.,
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⁸⁵ Park's invitation to Summerlin for comments by
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November 20, 1922, Harding Papers (Box 187).

The incident appeared to be a planned maneuver by the Obregón government. After his informal meeting on November 5th with members of the Chamber of Deputies for legislation regulating Article 27, Obregón may have anticipated, as did happen, considerable opposition to his proposed draft.⁶⁶ Though Obregón's proposed petroleum law was a compromise, it could be interpreted in Mexico as an appeasement to the American oil companies. Furthermore, since the proposed law potentially had a bearing on recognition, the Obregón government had submitted several drafts to the State Department for its approval. Obregón was seeking every endeavor within his political limitations to satisfy the demands of the United States on diplomatic recognition--even by submitting proposed legislation to the State Department prior to its presentation in the Chamber of Deputies.

To dispel fear that the proposed law was dictated by the American oil companies and to guard against intense reaction to the State Department's examination of the

⁶⁶The Chamber of Deputies delayed action on the draft submitted on November 23rd. The sections particularly criticized were those which gave the executive branch discretionary powers over interpretation of the law and the granting of concessions. Report of the Petroleum Commission of the Chamber of Deputies, January 2, 1923, AGN, 104-P1-P-13. The draft of the Obregón administration went through numerous modifications. Discussion on the proposed law waned as the conference between the United States and Mexico opened in May, 1923.

draft, Obregón chose to work with Mexican nationalism rather than against it.⁶⁷ The publicized comments of the State Department on the proposed legislation seemed less detrimental to Mexico's national honor if it appeared that the source of the draft was other than the Obregón government. Within a reasonable time after the public airing of the incident Obregón submitted the proposed petroleum law to the Chamber of Deputies.

Hughes wished to avoid an unnecessary elaboration of the incident. When the Obregón government closed the incident on November 22nd, the State Department did likewise. At approximately the same time two other incidents occurred which caused further embarrassment to the Department's policy towards Mexico.

The Department had demanded the protection of American lives and property in Mexico while claiming reciprocal advantages for Mexicans in the United States. During 1922 as a result of an unemployment problem a number of Mexican laborers in several states, especially in Illinois and Texas, were beaten or murdered. The Obregón government had filed protest on the failure to provide protection for Mexican citizens in the United States, but appar-

⁶⁷ During November and December, Obregón received numerous letters from every part of Mexico as well as from Central and South America in praise of his defense of Mexico's sovereignty and dignity against purported interference by the United States. AGN, 731-A-11(2).

ently the states involved had made little effort to remedy the situation.⁶⁸ The outbreak of violence in Texas during November induced Hughes, already troubled with the incident over the proposed petroleum legislation, to urge the Governor of that state to take adequate measures immediately for the full protection of Mexican citizens.⁶⁹

In October there arose the delicate question of the enacting of legal claims against an unrecognized government. The Oliver Trading Company, an American corporation with a branch in Mexico, brought suit against the Mexican government to recover a \$1.2 million claim from the Revolution.⁷⁰ Through the State Court of New York the firm demanded the attachment of all official property of the Mexican Consulate and of the Financial Agency of the Mexican government in New York City. In protest Obregón temporarily closed the Mexican Consulate and ordered the prohibition of all Mexican commerce with business

⁶⁸See "Mexican Rights in the United States," Nation, July 12, 1922, pp. 51-53.

⁶⁹An editorial in the New York Times sarcastically (and truthfully) pointed out that the United States would not have tolerated such outrages against American citizens in Mexico. The Mexican Chargé d'Affaires in Washington listed fifty to sixty Mexicans murdered in the United States during 1922. New York Times, November 18, 1922, p. 14.

⁷⁰The case is covered in For. Rels., 1922, 709-717.

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⁶⁹ An editorial in the New York Times sarcastically

July 13, 1933, pp. 31-33.
⁶⁸ See "Mexican Rights in the United States," Nation,

firms in the state of New York.⁷¹ On the basis of diplomatic immunity the Obregón government contested the attachment of its property.⁷²

The incident basically involved the question of the existence and the exercise of diplomatic rights and immunities by a government unrecognized by the United States.⁷³ Hughes realized the undesirable effect of the suit on the Mexican government, and before Obregón had closed the Mexican Consulate in New York City, requested the Oliver Trading Company through the Governor of the state of New York to withdraw the attachment.⁷⁴ Giving his opinion on the case, Hughes made a distinction between the Mexican state and the Mexican government. Although

⁷¹New York Times, November 1, 1922, p. 30; AGN, 731-A-11(2).

⁷²N. Y. Times, November 2, 1922, p. 29; November 4, p. 3.

⁷³The general subject became a topic of examination for international lawyers. See Edwin Dickinson, "International Recognition and the National Courts," Michigan Law Review, XVIII, No. 6 (April, 1920), 531-535; XXI, No. 7 (May, 1923), 789-792. Other general problems related to national courts and recognized governments may be found in Dickinson, "The Unrecognized Government or State in English and American Law," Michigan Law Review, XXII, No. 1 (November, 1923), 29-45; XXII, No. 2 (December, 1923), 118-134; Edwin Borchard, "Can an Unrecognized Government Sue?", Yale Law Journal, XXXI, No. 5 (March, 1922), 534-537; Quincy Wright, "Suits Brought By Foreign States With Unrecognized Governments," American Journal of International Law, XVII, 1923, 742-746.

⁷⁴Hughes to Governor of the State of New York, October 27, 1922, For. Rels., 1922, 709-710.

the United States had not recognized the Obregón government, it had recognized for years the Mexican state as an "international person" as the term was used in international law.⁷⁵ By the middle of November the suit was transferred to a federal court and was later dropped after Obregón's recognition the following year.

By the early months of 1923 the diplomatic impasse still existed,⁷⁶ but there was a changed atmosphere within the State Department. Within the past few months Hughes had witnessed inconsistencies arise in the Department's policy and narrow legalism. Hughes and the Department had been embarrassed and ridiculed at home and abroad. But Hughes, like Obregón, wished to alleviate the delicate problem of the resumption of normal diplomatic relations by a means which would salvage some respect and honor. Both men were seeking the right word or suggestion

⁷⁵ Acting Secretary of State William Phillips (for Hughes) to Attorney General of the State of New York, October 31, 1922, For. Rels., 1922, 715. Since 1921 the Obregón government had been arguing on exactly this same point as a basis for diplomatic recognition. See above, Chapter III, p. 96.

The identical reasoning of Hughes was used in a case of a similar nature the following spring. Hughes to Attorney General of the State of Massachusetts, May 15, 1923, For. Rels., 1923, 571-572.

⁷⁶ On the grounds of lacking recognition from the United States the Obregón government in January of 1923 declined to participate in the Fifth International Conference of American States to be held in Santiago, Chile, March 25th to May 23rd. New York Times, January 13, 1923, p. 3.

to initiate negotiations. And such was provided by a neutral party in the dispute, General J. A. Ryan, a personal friend of both Obregón and Harding.

General Ryan,⁷⁷ a retired army general and currently a representative of The Texas (Oil) Company, admired and sympathized with Obregón. He sincerely desired an honorable solution to the dilemma between the two countries which best provided for Mexico's development and benefited the United States politically and economically. In an interview with Hughes on February 27th, Ryan mentioned that Obregón had once suggested that the issues pending between the United States and Mexico be submitted to discussion by a commission composed of representatives of both countries.

The suggestion of a joint commission was not a novel idea. It had previously been mentioned by various organizations, congressmen and periodicals in the United States. Mexican Affairs expert Matthew E. Hanna originally vetoed this procedure because of the failure in his opinion of similar commissions within the past decade. Success was more probable, Hanna thought, along the lines of the

⁷⁷Ryan was also a close friend of General John J. Pershing, then Chief of Staff of the U.S. Army. Pershing highly respected Ryan's personal observations on U.S.-Mexican relations and his fair evaluation of Obregón's domestic problems. See the Ryan-Pershing correspondence, LC, Pershing Papers (Box 178).

Department's current policy.⁷⁸ Hughes likewise supposedly considered the procedure but feared it might have been rejected earlier.⁷⁹ And so the idea of a joint commission had been disregarded until Ryan mentioned it at the opportune psychological moment. Hughes seemed surprisingly receptive to the suggestion, and found it to be acceptable.⁸⁰

By accepting the proposal of a joint commission Hughes did not actually step backwards in his policy, but rather stepped sideways. He neither altered nor reduced the policy of adequate protection to the legitimate rights of Americans in Mexico. In his note to Pani in July and in his Boston speech in October Hughes no longer insisted upon the Treaty of Amity and Commerce as the basis for the assurances he required for Obregón's recognition. The particular form of the "assurances" had been opened to review. If the Obregón government could provide a satisfactory means, the United States would consider and might even adopt it.

A joint commission would be an airing of the issues

⁷⁸Hanna Memorandum to Hughes, May 10, 1922, NA, 812.00/26097.

⁷⁹Hughes to Summerlin, March 7, 1923, NA, 711.1211/61a.

⁸⁰The Henry C. Beerits Memorandum, "Relations With Mexico," LC, Hughes Papers, Box 172, No. 37, p. 10.

pending between the two countries. Thus far, Hughes and Obregón had been unable to reach a direct understanding, and the deadlock seemed immutable. The whole atmosphere of the diplomatic correspondence between the United States and Mexico had grown stale and inflexible. The meeting of delegates between the two countries would provide a refreshing, if not a revitalizing, approach to the stalemate, and might hopefully terminate the Mexican problem. Hughes could well reason that a joint commission involved no sacrifice of principle or policy but was a procedural means to seek the assurances he desired. Besides, the meeting of such a commission was psychologically advantageous. Within the past months the Department (and Hughes) had suffered embarrassment and derision. Hughes could use the joint commission to restore his somewhat badly tarnished image. The essence of a joint commission was the meeting of delegates from the two contending sides to discuss controversial issues or problems. Applied to Mexico, the American and the Mexican representatives would meet on an equal basis to discuss pending issues. Their purpose was to obtain a fair and honorable settlement of these difficulties for both parties. Hughes could again reason that he was being the impartial jurist in permitting the arbitration of the disputed points between the two countries. In his idealized self-image Hughes might once again be regarded in the public eye as the paragon of

justice and righteousness.

That Hughes sincerely wanted the joint commission to materialize was clearly evident since it took him only six days to inform General Ryan (on March 5th) that Harding was "favorably disposed" to the suggestion.⁸¹ Harding was prepared, Hughes added, to name two representatives for the United States to meet with two from Mexico. If Obregón consented to participate, Hughes advised that notice of the joint commission be given but that its meetings remain closed to the public. The advantage of closed meetings in Hughes's estimation was that the representatives of either party could make tentative suggestions and then withdraw or modify them without suffering embarrassment or loss of face.⁸² What Hughes was implying in March, 1923, was that he acknowledged the inevitability of compromise. Closed meetings would permit the U.S. delegates to salvage whatever possible from the Department's stringent policy. Only four persons would know the suggestions and exchange of ideas, their withdrawal or modification. The key word was embarrassment, and Hughes wished any compromise of the U.S. position to be as little publicized as possible. Hughes could never admit that his policy had failed or that he was fallible. But he

⁸¹See above, footnote 79.

⁸²Pusey, Charles Evans Hughes, II, 421.

could make the transition to reality less noticeable and less humiliating.

General Ryan was requested to inform Obregón of Hughes's reaction to a joint commission and to explain the basic format of this commission.⁸³ Ryan advised that the representatives appointed by each President be men thoroughly acquainted with the political and national interests of their country. In this way the delegates would be adequately prepared to exchange ideas and positions and to report back their impressions very shortly to their respective head of government.

At first Obregón did not seem to be very receptive to the idea until he learned of Harding's approval. He informed Ryan that he would likewise accept the invitation for the establishment of a joint commission. It was several weeks before Obregón made an official reply to Ryan. Obregón remained dubious about the efficacy of the joint commission, probably because Hughes had so eagerly pushed the idea at this time. In Obregón's original letter of April 9th to General Ryan (which was not sent), certain conditions had been inserted on the proposed commission. Its delegates, for example, were not to discuss existing

⁸³This letter was contained within Obregón's reply to Ryan, April 9, 1923, as quoted in Aarón Sáenz, La Política Internacional de la Revolución: Estudios y Documentos (Mexico: Fondo de Cultura Económica, 1961), pp. 370-371.

Mexican legislation nor to mention a treaty prior to the renewal of diplomatic relations. These safeguards were omitted, in Ryan's assumption, to avoid complicating the purpose of the commission as he had presented it.⁸⁴

As Obregón had desired, Mexico City was chosen as the meeting place for the proposed commission. To dispel adverse rumors on the conference to be held in May, both governments decided to issue a joint communiqué in the latter part of April (April 24th). The wording of the communiqué showed that each government remained conscious of its prestige and position. Precise and legalistic, Hughes's statement⁸⁵ was so worded as to avoid all reference to such terms as "government"⁸⁶ or "presidents." Hughes maintained his outward dogmatism by reiterating that the status quo between the United States and Mexico had not been altered. The United States had not changed its basic position, he stressed, and diplomatic recognition would not be accorded by the mere act of the meeting of the commission.⁸⁷ The State Department would give

⁸⁴See Gen. J. A. Ryan to Hughes, April 13, 1923, NA, 711.1211/114.

⁸⁵Hughes to Summerlin, April 20, 1923, NA, 711.1211/63.

⁸⁶The State Department had always referred to the Obregón administration as "regime," not "government."

⁸⁷The Obregón government took Hughes at his word and was still conducting propaganda abroad when the commission met. See note of the Foreign Office, AGN, 104-R1-R-1 Pg 15-1.

"friendly consideration" to the commission, but it retained its position intact until a definite agreement was reached. In reply to the U.S. reservation to the commission, the Obregón government stipulated its reservation to be Obregón's letter of April 9th to General Ryan and the conversations between Obregón and Ryan which gave origin to that letter.⁸⁸

As evidenced by the diplomatic notes and memoranda, the mere awareness of the forthcoming commission brought a sigh of relief and an easing of tension for both governments. The reports on Mexico seemed more optimistic. As far back as February, Chargé Summerlin had seemed to sense a change in Mexico. Compared to conditions the preceding year, he noted, the Obregón government within the past few months had earnestly maintained considerable peace and security in the country.⁸⁹ The following month Matthew E. Hanna of the Division of Mexican Affairs prepared a lengthy memorandum on the alternatives for the Department over the entire problem of Mexico.⁹⁰ The first realis-

⁸⁸Pani to Summerlin, April 21, 1923, as quoted in Saenz, op. cit., pp. 373-374.

⁸⁹Summerlin to State, February 10, 1923, NA, 812.00/26204. Business activity had likewise increased in Mexico with extensive American capital being invested in Mexican mining, the railway system and irrigation projects. See Literary Digest, May 12, 1923, pp. 13-14.

⁹⁰Hanna Memorandum to Hughes, March 23, 1923, NA, 711.12/541.

tic appraisal of Obregón's position, the memorandum was designed to comment on the advisability of Hughes's acceptance of the joint commission.

Both governments, Hanna emphasized, were seeking a mutually satisfactory basis for agreement which was probably possible if each made reasonable concessions. The fundamental question for the Department to decide was the limit of concessions which it could offer. To sustain or to retreat from the Department's policy, Hanna argued, essentially depended upon the existing situation within Mexico. Over the past two years Obregón had made a tremendous stride towards a stable and efficient government. Since his was the most stable government since the Revolution, the United States had more than enough justification at the time to recognize Obregón. Two years earlier this thinking could not have been justified in Hanna's opinion.⁹¹ Though there were some unintentional violations, the major issue for the State Department--the protection of American property rights--was slowly gaining acceptance in Mexico. Given the current structure of Mexican society, Hanna admitted that the United States as "a highly civilized nation" could not expect to obtain justice through mere logic where in a "barely civilized nation" as Mexico justice

⁹¹For a comparison of Hanna's earlier attitude, see above, pp. 197-199, for his memorandum of January 26, 1922.

in the American sense conflicted with national aspirations.

Although basically defending the Department's policy as legally sound and intelligible, Hanna did recommend in view of changing conditions in Mexico that a certain modification or elasticity in the Department's position could be made as needed. In light of the recent situation in Mexico, the United States could now accept, if it desired, written assurances from Obregón that American property rights in Mexico would receive the necessary guarantees required by the United States. In accepting this assurance from Obregón as the basis for recognition, the United States was taking a risk that Obregón might fail to act in good faith. But if he did so, Hanna remarked, recognition would strengthen Obregón politically and enable him to extend without fear a full measure of protection to American rights in Mexico.

The Department, Hanna continued, should examine the alternatives before it. On the one hand Obregón's domestic position and reliance on the support of Mexican nationalism precluded any extensive change in his attitude toward the U.S. position. On the other hand, if the United States was going to recognize Obregón, the closer his administration drew to an end the less apt Obregón would consider it politically expedient to accept any American proposals. Hanna concluded that the current settlement of the Mexican problem and subsequent diplomatic recognition would far

outweigh any of the disadvantages. Moreover, American business and commercial interests whose prosperity depended upon Mexico would be pleased, claimants against Mexico could obtain compensation, American oil and property interests would be satisfied, and the U.S. public in general would be relieved.

Hanna's memorandum reflected Hughes's modified thinking on the Department's policy toward Mexico. Hanna not only acknowledged the necessity of compromise but more importantly admitted that the United States could no longer justifiably withhold recognition from Obregón. The United States could not ignore changed conditions within Mexico nor the Mexican psychology. Hanna, as Hughes, did not believe that the Department's policy had failed but that circumstances made the strict application of the policy infeasible. Hanna's conclusion reverberated Hughes's probable attitude in March, 1923. In the best interest of the United States, the Mexican problem should be permanently settled--through means of the joint commission if applicable--and Obregón recognized.

With the proposed commission in sight the Obregón government finally replied to Hughes's pessimistic note of August 3, 1922.⁹² Arguing that there were no longer

⁹² Pani's note transmitted by Summerlin to State, April 5, 1923, NA, 711.1211/61.

any obstacles to the renewal of diplomatic relations between the two countries, the Obregón government pointed to the resumption of the payment of interest on the foreign debt, the action taken by the executive and the judicial branches of the government on the non-retroactivity of Article 27, and the proposed legislation to regulate Article 27. The agrarian reform program showed some urgency and injustice in expropriation and indemnification, but this was usually unavoidable. In its attitude toward the oil interests the Obregón government had permitted the extensive development of petroleum production which brought prosperity not only to Mexico but to the companies as well. Characterized by overgeneralized statements and a rosy optimism, the reply was probably a means to clarify its position to the Department before the commission commenced. By emphasizing action and policy already in existence and that which was promised or intended, the Obregón government may have sought to avoid unreasonable demands for further assurances which might emerge from the meetings of the commission.

The stage was set for the opening conferences between the United States and Mexico. Exactly two years after the Harding administration had taken office, the two governments had finally arrived at the break in the diplomatic impasse. Serious talks were to begin on the controversial issues pending between them. Whether the discussions would

result in a solution to these problems or in eventual diplomatic recognition remained a matter of speculation for the Obregón government. At least the door to negotiations had been opened.

CHAPTER VII

THE BUCARELI CONFERENCE

The announcement of the proposed commission between the United States and Mexico produced good wishes and a cautious optimism in the press of both countries. Pleased at a prospect of the renewal of diplomatic relations, the press of Mexico City hoped that Mexico's sovereignty and national honor would not be sacrificed at the conference.¹ In the United States the press viewed the conference as a means to solve the pending difficulties between the two countries and as leading eventually to Obregón's recognition.² On the other hand the Association of Pro-

¹Editorial titles read as follows: "Toward American Recognition," "Recognition on the Way," "Mexico and the United States Face to Face," "At Last!", Summerlin to State, April 26, 1923, NA, 711.1211/83.

²See a selected review of the press in the Literary Digest, May 12, 1923, pp. 13-14; "Clasping Hands With Mexico," New York Times, April 25, 1923, p. 20. The Nation was less optimistic about Obregón's eventual recognition; "Mexico vs. Mr. Hughes," Nation, May 23, 1923, p. 587. An article in the same issue by Managing Editor Ernest Gruening praised the work of the Obregón government over the past two years in raising Mexico from the level of civil war to peace and stability in spite of the passive opposition of the great powers. Formal recognition was immaterial, he stressed, when world opinion granted the ultimate victory to the position and conviction of the Mexican government and its people. "Will Mexico Be Recognized?", Nation, May 23, 1923, pp. 589-591.

ducers of Petroleum in Mexico and other American companies with large investments in Mexico continued apprehensively to protest any consideration of Obregón's recognition.

As the date drew near for the meeting of the commission, both governments selected the pertinent personnel to represent them. The chairman of the U.S. Commission was Charles Beecher Warren, a Republican who had previously been legal counsel for the United States in a number of claims involving Great Britain, and within the past two years the Ambassador to Japan.³ The other representative, John Barton Payne, was a Democrat who among other posts had served in Wilson's administration as Director General of the Railways during World War I and as Chairman of the U.S. Shipping Board.⁴

For the Mexican delegation Obregón chose Ramón Ross and Fernando González Roa.⁵ A merchant and farmer in a small town in the state of Sonora, Ross was a close friend of Obregón and supposedly well acquainted with his political position. As a member of the Constituent Convention in 1916 Ross was also aware of the goals and the interpretation of the Constitution. González Roa, an expert

³James M. Callahan, American Foreign Policy In Mexican Relations (New York: The Macmillan Company, 1932), p. 585; New York Times, April 25, 1923, p. 20.

⁴N. Y. Times, loc. cit.

⁵Summerlin to State, April 25, 1923, NA, 711.1211/67.

in international law, had been legal counsel for the National Railways of Mexico and later a member of its Board of Directors.⁶

The representatives for both countries appeared to have been well chosen. For the United States there was a representative of both political parties, a career diplomat, and an experienced administrator. Obregón had likewise carefully selected his delegates. For the proper interpretation of the Constitution of 1917 and of his political position, Obregón had appointed a member of the Constituent Convention and a close friend. He also provided a legal expert and administrator.

In the United States at least there was a demand for additional delegates to the commission. Samuel Gompers, President of the American Federation of Labor, was anxious to have a representative for American labor.⁷ Fearing that additional delegates were detrimental to the work of the commission, Hughes permitted only one further appoint-

⁶For the surveillance of the Department, Summerlin reported that on various occasions González Roa had voiced his strong admiration for the principle of state ownership of the subsoil and his support of Obregón's agrarian policy. Summerlin to State, May 9, 1923, NA, 711.1211/102.

⁷James Lord, Treasurer of the Pan American Federation of Labor (PAFL) (an affiliate of the AFL in Latin America), was sent as an observer of that organization but found the meetings of the conference closed. See his memoranda on the position of the AFL and the PAFL toward recognition in Snow, The Pan American Federation of Labor, pp. 110-111.

ment. Robert H. Murray, a newspaper correspondent active in the formation of the Pan American Federation of Labor, was to be a secretary for the U.S. delegation in charge of publicity.⁸

Prior to their first meeting in May the representatives of each government were briefed. As background material Hughes furnished the U.S. Commissioners with the correspondence and other documents between the State Department and the Mexican Foreign Office on points of dispute since 1915.⁹ Hughes listed three topics which the U.S. Commissioners were to discuss with the Mexican delegates.¹⁰ The first and most important topic was the procurement of satisfactory assurances against the confiscation of subsoil rights obtained by American citizens

⁸Murray was a well known publicity agent of the Obregón government and a critic of U.S. policy toward Mexico. In answering the criticism of his appointment, the State Department replied that having Murray represented in an inconspicuous role was more advantageous than in having his attacks on the Department as an outside observer. The Department was trying to give an appearance of impartiality to the Commission in the hope of avoiding unnecessary and adverse criticisms of the Commission itself. The U.S. Commissioners acted independently of any influence from Murray. Under Secretary William Phillips Memorandum, May 8, 1923, NA, 711.1211/99.

⁹A three hundred and fifty-one page compendium of documents, memoranda and pamphlets on every phase of property rights in Mexico was prepared. Dossier Prepared For The American Commissioners To Mexico, April, 1923, NA, 711.1211/223.

¹⁰Hughes to Payne and to Warren, May 8, 1923, NA, 711.1211/86a and 86b.

prior to May 1, 1917. Secondly, equitable compensation was to be provided for the expropriation of lands owned by American citizens. Finally, and judged least difficult to obtain, the American delegates were to conclude appropriate claims conventions.

Hughes's three topics for discussion were curious subjects for a policy based upon principle. For over two years the Department's policy had been incessantly, and vaguely, expressed in terms of assurances against the confiscation of property. Confiscation of property, of course, referred to the wording of the Constitution of 1917, its interpretation and enforcement which were considered detrimental to the property rights of American citizens in Mexico. The emphasis was on the acquired rights to this property. The assurances or security for these rights had been originally projected in the Treaty of Amity and Commerce, later reopened to discussion. Hughes, Fletcher and Hanna had on numerous occasions emphasized that the Department's policy was based on principle, on a strict adherence to international law, and denied the influence of special interest groups. Yet Hughes's suggestions to the U.S. Commissioners dealt with particular issues advocated by these groups. The Department had not protested specifically on the protection of American citizens with claims to subsoil mineral deposits in Mexico. Nor had the Department protested vehemently

against the expropriation of landed estates owned by American citizens in Mexico. In both cases these points were the arguments of the American petroleum interests and of certain American property holders in Mexico. Hughes showed an interest in the claims conventions presented by Pani in early 1922, but thought that the subject of claims was an individual matter between the claimant and the Mexican government and not part of the Department's policy. Hughes's third topic was the concluding of claims conventions between the two countries.

Why had Hughes made these issues the Department's topics for discussion? Within the past several months Hughes had demonstrated an inclination toward compromise between a policy based on an ideal and the reality which circumstances were forcing him to accept. Hughes was not loath to recognize Obregón. As he informed Warren and Payne, recognition was merely a matter of procedure. The important item for Hughes was assurances. Hughes needed a justification to recognize Obregón. He had to rationalize in his own mind that he could recognize Obregón within the confines of the policy he had established. Though he might concede on procedure, Hughes had to retain some principle in his policy, that it had been basically sound. Circumstances had changed but the policy had not failed.¹¹

¹¹For example, all diplomatic posts in Latin America were notified that the meeting of the proposed commission

In the opinion of his recent biographer, in none of Hughes's writing did he "admit that he had made a mistake, . . . " and he "seemed reluctant even to admit that he might have changed his mind on some matters of public policy."¹² The U.S. Commissioners were to present the three items which Hughes had outlined, to make a thorough investigation of the existing situation, and to report back that settlement which could be reached with Mexico. Before the joint commission met, Hughes had implied that it was to be the termination of the impasse with Mexico on the basis of specific complaints which American citizens had registered against Mexico. If Hughes could not obtain from Obregón an acknowledgment of principle, he would acquiesce on an understanding of disputed points which would hopefully pacify the more vocal American interest groups and provide for the settlement of all claims against Mexico.

Foremost among the instructions given to the Mexican delegates was an insistence on the absolute respect for

did not result in automatic recognition for the Obregón government. The posts were to make clear in their respective countries that the American Commissioners were only to make recommendations on policy. During the time of the conference, and if the conference failed, the status quo in U.S.-Mexican relations would be maintained. Hughes to all Latin American Missions, April 24, 1923, NA, 711.1211/68a. Similar notes were sent to those countries (Great Britain, France, Belgium, Poland and Cuba) which had followed the U.S. policy toward Obregón's recognition.

¹²Glad, op. cit., p. 106.

Mexico's sovereignty.¹³ To present a conciliatory atmosphere for the commission, however, the delegates were informed that they could accept a policy of the non-retroactive application of Article 27 as it affected petroleum subsoil rights acquired prior to May 1, 1917. As the conference progressed, this policy was shown not to have been a blanket acceptance. The other points given to the Mexican delegates were concerned with the settlement of pending but secondary disputes between the two countries.

The first meeting of the joint commission officially took place on May 14th in the building located at No. 85 Avenida Bucareli in Mexico City.¹⁴ The formalities of presenting the credentials of each commissioner occupied the first day. In a public address that evening U.S. Commissioner Warren attempted to state clearly the aims of United States and to soothe any animosities which might arise from the presence of the American delegates in Mexico. Warren stressed that the United States had no intention of interfering with Mexico's sovereignty or in seeking

¹³ Summerlin to State, May 9, 1923, NA, 711.1211/92a. New York Times, May 9, 1923, p. 28.

¹⁴ The origin of the common name for the Mexican-American Commission--the Bucareli Conference--was derived from the street on which the meetings took place. The meetings lasted until August 15th, consisting of fifteen formal meetings and the four informal meetings which occupied most of the three months' conferences.

special advantages.¹⁵ The United States, he added, wanted only cooperation and an understanding with Mexico.

The next day Warren presented the position of the United States. Citing international law, Warren argued that regardless of the expropriation of property for public utility American citizens who legally acquired property under the legislation of the Díaz regime could not be deprived of their rights of property ownership--unless they were indemnified in cash for the just value of the land at the time of its expropriation.¹⁶ Essentially Warren was saying that the United States was unconcerned about the expropriation of property per se. It was only concerned about possible discrimination against American citizens who legally acquired property in Mexico prior to the Constitution of 1917. If their property was to be expropriated, American citizens were to be indemnified in cash, not bonds, and at an equitable valuation of their land when it was expropriated.¹⁷ The procedure outlined

¹⁵Proceedings of the United States-Mexican Commission Convened at Mexico City, May 14, 1923 (Washington, D.C.: Government Printing Office, 1925), pp. 3-4 (hereinafter cited as Proceedings). These minutes of the meetings published in English and in Spanish were the only formal written record of the conference. A few further insights are gained in the State Department records and in monographs and articles written by members of Obregón's cabinet and others.

¹⁶Ibid., p. 14.

¹⁷Ibid., pp. 25-29.

by Warren was designed to avoid delays in actual payment and in the immediate assessment of the property.

Given time to prepare their defense, the Mexican delegates presented their position several days later. In their argument the delegates relied on French international jurists since Mexico's system of civil legislation had been largely inspired by the Napoleonic Code. Under such principles, they proceeded, there was a considerable difference in meaning between an acquired right and a mere expectation.¹⁸ In the case of expectation, legislation could be changed without causing injustice. The Commissioners used the example of the existing Mexican legislation referring to the discovery of treasures, whereby half went to the discoverer and half to the owner of the surface. While the treasure remained undiscovered and no action was undertaken to retrieve it, that legislation could be changed because there was only an "expectation" of finding the treasure. If the treasure was in the process of being explored, then that legislation would have to admit the existence of an acquired right to the treasure.

Applying the analogy to the Constitution of 1917, the Mexican delegates pointed out that all persons or legal assignees who performed a positive act such as the

¹⁸Ibid., pp. 17-20.

erection of drilling equipment--thereby indicating their desire to utilize the subsoil at any date prior to the promulgation of the Constitution--were fully protected against the application of paragraph IV of Article 27. Those who did not fall in the preceding category did not receive an acquired right to the subsoil. Desiring not to deprive those without an acquired right from the benefit of exploiting the subsoil, the Mexican government by the legislation currently in force granted preferential rights to these individuals in the use of the subsoil to the exclusion of anyone else.

According to the Mexican Commissioners the federal government admitted that under the laws of 1884, 1892 and 1909, the owner of the surface received the right to utilize the subsoil in the same manner as under Anglo-American law. Under the preceding legislation the Mexican Nation had made a donation of its property to the individual owner. By the tradition of Mexican law and by the Constitution of 1917, however, the Mexican Nation retained complete control over the subsoil and could not be considered as ever having renounced its power to legislate or to grant concessions on the subsoil.¹⁹ Since the matter of titles of ownership and the right of possession was within the scope of Mexican's sovereignty and domestic

¹⁹Ibid., p. 22.

legislation, the federal government in acting on Article 27 had not violated international law.²⁰ In concluding their argument the Mexican delegates reminded that the principal objective of Article 27 was the public welfare of Mexico.

Because the U.S. Commissioners made no reply to the position of the Mexican government on the subsoil and Article 27, they presumably found it temporarily acceptable. However the Mexican delegates had not commented on Warren's presentation on the second day of the conference. Warren turned the attention of the meetings to Mexico's agrarian reform program. Warren repeated the common complaint made to the State Department by American citizens whose lands had been expropriated. These individuals or groups regarded the compensation allotted as a totally inadequate valuation of their property. Furthermore payment was made in depreciated agrarian bonds. The United States, argued the American Commissioners, did not acknowledge any right of the Mexican government to compel American citizens to accept these bonds as compensation. The only manner in which bonds of the Mexican government would be acceptable to the United States was if they were imme-

²⁰The Mexican Commissioners pointed to the differences of judicial opinion within the United States on subsoil mineral deposits and cited several state and U.S. Supreme Court cases which designated them to the sovereignty of the state. Proceedings, p. 14.

diately convertible into hard currency at par value.

Several days later the Mexican delegates replied that the agrarian reform program was a major aim of the Revolution. From the promises of Madero and later of Carranza in 1915, land distribution was becoming an accomplished fact in Mexico. The prevention of further civil war in Mexico was actually dependent upon the prompt application of agrarian legislation.²¹ The urgency of the program had unfortunately led to unavoidable abuses and excesses. The economic situation facing the Mexican government prevented immediate compensation in cash. However, the bonds issued by the Mexican government as payment for expropriation were redeemable in twenty years and bore an annual interest of five percent.²²

Ross and González Roa remarked that grievances by American citizens were not as unbearable as they appeared to be. Any foreigner whose property had been expropriated

²¹By the time of the Revolution in 1910 over ninety percent of the Indian villages (about two-thirds of the population) had been deprived of their traditional communal lands (ejidos). See Charles Wilson Hackett, The Mexican Revolution and the United States, 1910-1926 (Boston: World Peace Foundation Pamphlet, 1926), IX, pp. 340-341, 344-348.

²²Proceedings, pp. 31-33. The collateral for these bonds was the revenues from the sale of lands expropriated. The commissioners mentioned that the Mexican government on the basis of an improved financial situation might be able to redeem the bonds in less than twenty years or might accept matured bonds in payment for taxes.

had recourse to the Mexican courts for petition of redresses. On the question of a "just valuation" the Mexican delegates pointed out that the basis of the assessed valuation of the property to be expropriated was taken from the previous declaration for purposes of taxation made by the property owner himself.²³ It was unfortunate, they might have added, if some property owners had purposely devaluated their property.

The meetings had been in progress for only several weeks before a decision was made to discontinue, at least temporarily, the formal atmosphere and procedure. For the next month and a half (June 5th through July 18th) a series of informal meetings was held on the topics of subsoil rights, the agrarian question, and the formulation of claims conventions. It was the time of reexamination and clarification of positions, withdrawal or modification of suggestions, and heated discussions. Chargé Summerlin in Mexico City acted as the liaison between the U.S. Commissioners and the State Department.²⁴ His frequent short and undetailed reports to the Department mentioned unavoidable delays over the meaning of terms and the intricacies of Mexican laws and decrees, disagreement

²³A ten percent allowance in addition to this valuation was the basis of indemnification. Proceedings, pp. 33-34.

²⁴Summerlin's reports to State, May-July, 1923, NA, 711.1211/108-142.

within Obregon's cabinet, and unexpected technicalities on the agrarian question which Hughes had not clarified in his original instructions. The American Commissioners were quickly discovering, as did Hughes, that a solution of the issues pending between the two countries was not as simple as it had been imagined. Even Hughes remarked in a letter to Harding in late July that the delay in the negotiations seemed "extraordinary" in view of what he had conceived to be reasonable and uncomplicated assurances.²⁵

The only optimism Summerlin could express on the conference during the early summer of 1923 was the earnest desire of the commissioners of both countries to find a solution. The prolonged duration of the meetings, however, gave the appearance of failure. In fact, at least on one occasion the meetings almost abruptly terminated. According to Mexican Minister of Industry, Commerce and Labor Miguel Alessio Robles, an incident nearly disrupted and ended the conference sometime in early July. At one meeting in which Ramón Ross happened to be intoxicated, he misinterpreted a statement on "Panama." In his stupor Ross associated the term "Panama" with "Mexico" and began shouting about "Yankee imperialism." The American Com-

²⁵ Hughes to Harding, July 23, 1923, LC, Hughes Papers (Box 24).

missioners left the meeting and announced their intention to return immediately to the United States. Embarrassed, Obregón asked de la Huerta to prevent their departure. With the assistance of General Ryan, de la Huerta persuaded Warren and Payne to remain and to continue the conference on the assurance of Ross's unimpeachable conduct during the remainder of the sessions.²⁶

Meanwhile the extensive publicity and optimism given to the conference in May by the Mexican press slowly ebbed by mid-June.²⁷ Because the meetings were closed to the public, anxiety and later rumors arose in the Mexican press primarily over the issue of secrecy. The only news from the meetings was the vague and general comments made by the commissioners which gave the appearance of complete harmony. In mid-July the newspapers of Mexico City were predicting, though less enthusiastically, that the conference would soon be concluded successfully and that Obregón would be recognized.²⁸

Washington's impatience with the delay in negotiations was not relieved by the continued requests from

²⁶Miguel Alessio Robles, Historia Política de la Revolución (3rd ed; Mexico: Ediciones Botas, 1946), pp. 280-288.

²⁷Summerlin's reports to State, May-July, 1923, NA, 711.1211/110-136. "The Obregón-Harding Conference in Mexican Eyes," Literary Digest, June 9, 1923, p. 21.

²⁸Summerlin's reports, loc. cit.

countries which had not recognized Obregón for information on the progress of the meetings.²⁹ If the meetings were successful and recognition to be granted, these countries wished to extend diplomatic recognition simultaneously with the United States.

Obregón likewise had shown some apprehension over the meetings. In a letter to his Minister of Government on May 31st³⁰ Obregón mentioned that he had spoken with González Roa and Ross at a dinner party and had clarified numerous points.³¹ Obregón conveyed the impression in the letter that the meetings up to that time had been unsuccessful. He reiterated his position to the Mexican Commissioners that any settlement had to be consistent with Mexico's sovereignty and national honor. In a later letter Obregón expressed a more optimistic outlook that the conference would end shortly with a favorable settlement for

²⁹See above, footnote 11. France and Cuba were most insistent on knowledge of the meetings. Refer to their comments in NA, 812.00/26368.

³⁰Obregón to Calles, May 31, 1923, AGN, 104-R1-E-23 Pq 16. Already selected as Obregón's candidate for the next presidential election, Calles was on a world tour during the time of the conference.

³¹The U.S. Commissioners had been notified that they could meet with Obregón. Though they occasionally spoke with him, Warren and Payne conducted their official meetings with their Mexican counterparts. See above, footnote 24.

Mexico.³²

Having apparently reached a possible point of consensus, Warren reopened the formal meetings of the commission on July 19th to discuss the issue of expropriation and indemnification.³³ In his research Warren could not find a legal precedent for the expropriation of property which did not include a monetary indemnification based upon the just valuation of the property. However, depending upon the terms of the bonds of the Mexican government and upon the scope of a general claims commission to which American citizens whose lands had been expropriated had the right to present claims for damages, the United States would take "under consideration" whether it was willing to accept these bonds as sufficient indemnification for its citizens. The United States would understand, Warren stipulated, that the expropriation of land for the agrarian reform program was to be based upon the restoration of the "ejido." Warren proceeded to specifically define the term "ejido" to mean "an acre of land granted or hereafter granted to a town or village now existing, not substan-

³²Obregón to Calles, June 28, 1923, NA, 104-R1-E-23. This optimism was conveyed to the Mexican consulates abroad.

³³Warren and Payne seemed to have found satisfactory the position of the Mexican Commissioners on the subsoil rights. No further attention was given to this point in the minutes of the meetings.

tially exceeding seventeen hundred and fifty-five hectares" as the maximum area.³⁴

One point which Warren insisted on was that the United States would not accept the expropriation of lands for ejidos on the basis of the prior assessed valuation. The owner of such property was entitled to full compensation for the valuation of the land at the time of its expropriation.³⁵ The Mexican government, Warren pointed out, had no precise method for the assessment of the valuation of lands with whatever subsequent improvements may have been made upon it since the initial declaration of the owner for purposes of taxation.³⁶

³⁴Proceedings, p. 37. The figure of 1775 hectares was the figure cited earlier by the Mexican Commissioners as the size of the ordinary individual ejido before 1910. Ibid., p. 32.

³⁵Frederick S. Dunn pointed out that in the new states created in Eastern and Southeastern Europe after World War I compensation for the agrarian reform program was at a much lower rate than that specified in Article 27, paragraph VI of the Mexican Constitution. Dunn, Diplomatic Protection . . ., p. 381.

³⁶Proceedings, p. 37. Paragraph VI of Article 27 did fix the compensation as the valuation recorded in the assessment of the property for tax purposes. Increased or decreased valuation due to improvements or depreciation after the assessment was made was to be taken into consideration. While no detailed method for this valuation was outlined, the article stipulated the valuation was subject to the decision of experts and judicial proceedings. Apparently this point was likewise found satisfactory by the U.S. Commissioners since no further mention was made of the issue in the Proceedings.

After some discussion Warren requested the opinion of the Mexican Commissioners on this proposal. If their reply was favorable, Warren repeated assuredly, the American Commissioners "would be in a position to make a recommendation to their Government to accept federal bonds" as indemnification for expropriated property. If the State Department in turn approved their recommendation, a binding agreement would be drawn up between the two countries. By this agreement the United States consented to accept the practice of the issuance of federal bonds of the Mexican government in payment for the creation of ejidos.³⁷ An integral part of the agreement would be a general claims convention providing for a commission to arbitrate claims of damages from alleged unjust expropriations.³⁸ What Warren was implying was a procedure to initiate the renewal of formal diplomatic relations between the United States and Mexico.

After reexamining Warren's proposal, González Roa and Ross accepted the procedure outlined by Warren.³⁹ After all, the United States had basically accepted the

³⁷Warren stipulated that a condition for the acceptance of the federal bonds was an adequate and prompt cash payment to American citizens for any expropriation exceeding the specified 1775 hectares. Proceedings, p. 38.

³⁸Proceedings, p. 40.

³⁹Ibid., pp. 41-43.

Mexican position on indemnification for expropriated property in federal bonds. Once this agreement was reached, the atmosphere became relaxed; and the American delegates turned their attention to Hughes's third topic for discussion.

Within the next week the commissioners completed acceptable drafts of both a Special Claims and a General Claims Convention.⁴⁰ The former⁴¹ was to cover losses sustained by American citizens or companies between November 20, 1910, and May 31, 1920. Claims were to be submitted to a three man commission which was to arbitrate all claims filed within the specified five year period. The decisions of the commission were final, and the amount for damages was to be paid in gold coin or its equivalent.

Under a similar procedure the General Claims Convention⁴² provided for the arbitration of unsettled claims brought by American citizens against Mexico or by Mexican citizens against the United States since the last general claims commission between the two countries in 1868. Although having a much broader jurisdiction, the General Claims Convention specifically excluded all claims which

⁴⁰With some modifications these two claims conventions were basically the arrangement that the Obregón government had been offering since November, 1921.

⁴¹Special Claims Convention, Proceedings, pp. 53-57.

⁴²General Claims Convention, Proceedings, pp. 58-62.

were within the bounds of the Special Claims Convention.

By the end of July tentative drafts of both conventions had been submitted to the State Department.⁴³ Upon examining the conventions, legal counselor J. R. Baker found them satisfactory except for the exclusion of possible claims arising from the agrarian laws of the Mexican states and on a few other minor details.⁴⁴ When Baker's review was presented to Hughes, Hughes did not take issue on the exceptions and replied that the U.S. Commissioners need only obtain a verbal understanding on these points.⁴⁵ After any further procedural changes were made, Hughes added, the two conventions could be incorporated into the minutes of the Proceedings of the joint commission to the effect that they would be signed in the event of the resumption of diplomatic relations between the two countries.⁴⁶

By the first of August the meetings of the joint commission in Mexico City were drawing to a close. At the final formal meeting on August 2nd, the commissioners

⁴³Summerlin to State, July 28, 1923, NA, 711.1211/137.

⁴⁴Baker to Hanna, August 2, 1923, NA, 711.1211/139.

⁴⁵Those points not specified in the Proceedings were understood to come within the scope of the Mexican courts or under the broad jurisdiction of the General Claims Convention.

⁴⁶Hughes to Summerlin, August 11, 1923, NA, 711.1211/139.

of both countries inserted into the minutes of the Proceedings their concluding remarks and reservations. It was deemed advisable to summarize the position of both governments at the conclusion of the over two-and-a-half conference. However, comments were limited to reservations on subsoil rights. The Mexican Commissioners reminded that under the Constitution the executive branch of government had the duty to respect and to enforce the decisions of the judiciary. This duty precisely referred to the principle established in the decisions of the Supreme Court on the five amparo cases concerning the non-retroactivity of paragraph IV of Article 27. In its future policy the Mexican government would thereby grant

. . . to the owners, assignees or other persons entitled to the rights to the oil [in the subsoil] drilling permits on such lands, subject only to police regulations, sanitary regulations and measures for public order and the right of the Mexican Government to levy general taxes. 47

For those individuals or companies which may not have performed a "positive act"⁴⁸ indicating their intention to utilize the subsoil, the Obregón government through its executive decrees of 1920 and 1921 granted preferen-

⁴⁷Proceedings, p. 48.

⁴⁸The term was the basis of the five amparo decisions of the Mexican Supreme Court. Refer to the broad range of definition given to the term "positive acts" in the Proceedings, pp. 47-48.

tial rights to the subsoil for these surface owners to the exclusion of third parties which lacked any title. The granting of preferential rights, the Mexican Commissioners qualified, did not constitute an unlimited or perpetual obligation on the part of the Mexican government.

Whether or not diplomatic relations were resumed, the U.S. Commissioners reserved all rights to the subsoil for American citizens who possessed a valid title obtained under the legislation and the Constitution (1857) of Mexico existing prior to 1917. But the Mexican delegates immediately added that under Mexican laws the government reserved the rights to lands on which no "positive act" had been performed. Otherwise they sustained the right of the United States to make any reservation on behalf of its citizens; that is, the privilege of future diplomatic protests.⁴⁹

Once this circumlocution ended, the U.S. Commissioners communicated to Hughes the final points made in the conference and their evaluation.⁵⁰ Of the two controversial issues which they were to discuss with the Mexican delegates--subsoil rights and the agrarian question--Warren and Payne considered that they had achieved the best possible settle-

⁴⁹Proceedings, p. 49.

⁵⁰Summerlin to State, August 2, 1923, NA, 711.1211/140.

ment. From the earliest meetings González Roa and Ross had declined to consider any permanent solution to the problem of subsoil ownership except by means of decisions of the Supreme Court or by congressional legislation. Although the Mexican Commissioners were confident that the Mexican Congress would satisfactorily settle the problem of Article 27 and the subsoil, Warren and Payne were still dubious. Yet no other paths seemed tangible since the Obregón government had hesitated to make any arrangement with the United States on subsoil rights which might be construed as binding. Because the Mexican delegates had remained staunch on this point, Warren and Payne were willing to acquiesce and not push the issue of subsoil rights any further. The only concession which they could obtain was a commitment⁵¹ by the Obregón government to permit at least preferential rights to surface owners who had not performed a "positive act."

The agrarian question was likewise a compromise. Convinced of the inevitability of Mexico's agrarian reform program, the American delegates modified their position of full compensation in cash at the time of expropriation.⁵² Since immediate indemnification in cash was an enormous

⁵¹This commitment was binding neither on the Mexican Congress nor upon a successive government.

⁵²The question of a just valuation of the property did not appear in this report of the Commissioners.

financial burden for the Mexican government, the U.S. Commissioners agreed that the United States would accept long-term redeemable federal bonds for its citizens. In having fixed the maximum area for an ejido, Warren and Payne hoped to prevent excesses in the expropriation of property. Furthermore, the recourse of American citizens to a claims commission would help to alleviate unforeseen circumstances. Satisfied that compromise had not materially weakened the U.S. position on confiscation of private property, Warren and Payne were confident that Hughes would find the minutes of the Proceedings acceptable.

Harding's death on August 3rd temporarily delayed the closing formalities of the meetings until August 15th.⁵³ With the best wishes of the Mexico City press,⁵⁴ the U.S. Commissioners departed from Mexico City the following

⁵³Shocked at Harding's death, the Mexico City press pondered the probable effect of his death on the current meetings. Since Harding was considered to have been far more sympathetic to Mexico's position than Hughes, there was some anxiety that Harding's death might cause new difficulties or delays in the concluding of the meetings. Moreover the attitude of the newly sworn-in President Calvin Coolidge was unknown. Summerlin to State, August 4, 1923, NA, 711.1211/151.

⁵⁴Summerlin reported that Warren and Payne had won the admiration and respect of the Mexican public as well as of the government. Summerlin to State, August 17, 1923, NA, 711.1211/159.

day.⁵⁵ In Washington four days later Warren and Payne discussed the meetings with Hughes and Coolidge and presented their opinions and recommendations. Two days later Hughes announced to Mexican Foreign Minister Pani that he and Coolidge had found the report of the American Commissioners satisfactory and had approved the recommendations contained in their report.⁵⁶ If Obregón likewise approved the report and recommendations, Hughes offered a procedure for the resumption of formal diplomatic relations.⁵⁷ Suggesting an early date like September 6th, both Washington and Mexico City would simultaneously release the official announcement. The following day the two claims conventions would be signed jointly in Washington and in Mexico City by the appropriate diplomatic personnel.

The procedure for Obregón's recognition was a simple, forthright formality. It had taken Hughes only six days to decide on the desirableness of the joint commission.

⁵⁵The anticlimax of the three month joint commission was the failure of return rail transportation for the U.S. Commissioners from Laredo, Texas, to Washington, D.C. For this purpose an irate U.S. Consul in Nuevo Laredo, Mexico, drew a bank draft of nearly \$500.00 on the strength of the signature of the Secretary of State, which he hoped the State Department would promptly honor. Consul Harry P. Walsh to State, August 17, 1923, NA, 711.1211/155.

⁵⁶Hughes's note to Pani, Hughes to Summerlin, August 22, 1923, NA, 711.1211/1756.

⁵⁷Ibid. Technically speaking, this meant de facto recognition for Obregón until ambassadors were appointed as the official representatives of each country.

It took him but two days to decide on the exigency of Obregón's recognition. Had Hughes carefully analyzed Warren and Payne's critique of August 2nd, which implied that Mexico's position had remained relatively intact while the United States gained only on meticulous points? What were the details of the report and the recommendations presented by the U.S. Commissioners? Was there debate or discussion on the Department's policy and the outcome of the conference?⁵⁸ Why had Hughes outlined the procedure for Obregón's recognition before Obregón had even approved the report and recommendations of the U.S. Commissioners?

Indeed, it seemed surprising that of all the memoranda,

⁵⁸For example, representatives of the leading American oil companies in Mexico had already held a conference with Hughes to learn of the conclusions of the joint commission regarding the oil controversy and the probable action of the State Department. Hanna to Hughes, August 13, 17, 1923, NA, 812.6363/1427-1/2 and 812.6363/1437. Finding the minutes of the meetings too vague and inadequate to protect their interests, the representatives hoped before the State Department acted on the matter of recognition that it would carefully consider eliminating the oil controversy as a future dispute. Director Guy Stevens of the Association of Producers of Petroleum in Mexico to Hughes, August 24, 1923, NA, 812.6363/1438.

Several American businesses in Mexico and some private citizens had also protested any immediate consideration of Obregón's recognition. Catholic clergymen and a few Protestant missionary boards in Mexico later inquired whether the Obregón government had given assurances during the conference of religious liberty in Mexico. The Department's response was that this issue was left a matter for the regular diplomatic channels. Letters to the State Department, September-October, 1923, NA, 812.404/248-250.

diplomatic notes, letters and other correspondence existing for the two-and-a-half year controversy, such data on the joint commission and the steps leading to actual recognition were scanty, if not nonexistent. For a man who was characteristically punctilious, methodical, and dispassionately rational, there seemed to be little time in less than a forty-eight hour period for serious deliberation. Hughes's recent biographer takes note of his "passion for clarity and his need for moral justification" which led him to present detailed explanations of his policies in the Americas.⁵⁹ Among his papers (or of Harding's), no such explanation existed for Mexico in August, 1923. Four months later he diligently outlined the U.S. policy during the de la Huerta rebellion. Exacting and demanding in the preparation of memoranda by his subordinates,⁶⁰ no record existed of the report and recommendations of the American Commissioners. Hughes may have unquestionably accepted the recommendations of the U.S. Commissioners and initiated proceedings for the renewal of formal diplomatic relations. Prior to the conference he had implied that the joint commission would be the key to recognition.⁶¹ Perhaps the duration of the conference wearied him, and he

⁵⁹Glad, op. cit., p. 252.

⁶⁰Ibid., p. 117.

⁶¹See above, Chapter VI, p.236; Chapter VII, p.251.

wished to end the whole affair very quickly. Or Hughes merely gave tacit consent without ever abandoning what he regarded as the underlying righteousness of his policy. In effect, rather than seriously question his fallibility, he preferred to quietly drop the matter of Obregón's recognition with a minimum of publicity.

In replying to Hughes's note of August 22nd, Foreign Minister Pani requested some modification in the procedure for the resumption of formal diplomatic relations.⁶² For the benefit of Obregón's political position Pani suggested that official announcement be released on or before August 31st so that Obregón could mention the renewal of diplomatic relations in his annual message to Congress on September 1st. After a ten or fifteen day waiting period Pani proposed that the claims conventions be signed. In this fashion the resumption of official diplomatic relations, which confirmed Obregón's recognition, would not seem contingent upon the signing of the claims conventions. Moreover the signing of the conventions could then coincide with the 102nd anniversary of Mexico's independence on September 16th.

Curiously enough, Hughes responded that he acknowledged the sensitivity of Obregón's position and was

⁶²Pani's note to Hughes, Mexican Embassy in Washington to State, August 25, 1923, NA, 711.1211/163.

willing to accommodate him.⁶³ The announcement for the resumption of official diplomatic relations was to be released at noon on Friday, August 31st. Pending the appointment of ambassadors, the formal accreditation of the Chargé d'Affaires of each country could take place on September 3rd. However, Hughes recommended that the claims conventions be signed within the week, as was the procedure followed.

The renewal of official diplomatic relations with the recognition of the Obregón government⁶⁴ was generally well received in the U.S. press.⁶⁵ Although several papers reserved comment, a considerable portion predicted widespread business expansion and investment in Mexico and a strengthening of the prestige of the United States in Latin America. The press of Mexico City likewise enthusiastically praised the success of the conference and expressed confidence that Coolidge would be as sympathetic

⁶³Hughes to Summerlin, August 25, 1923, NA, 711.1211/158a.

⁶⁴At least France, Belgium, Poland and Cuba immediately followed the precedent of the United States in recognizing Obregón. Great Britain waited until August, 1925.

⁶⁵See the synopsis of newspaper opinion in the Literary Digest, September 8, 1923, pp. 14-15; September 15, p. 13; Current Opinion, October, 1923, pp. 399-400. Refer also to the New York Times, September 2, 1923, II, p. 4; Collier's, The National Weekly, September 29, 1923, pp. 7ff.

toward Mexico as Harding had been.⁶⁶ Numerous personal letters of congratulations at the resumption of formal diplomatic relations were sent to Coolidge and Hughes.

While celebrations were being conducted along the border and throughout Mexico, the final step in the process of renewing diplomatic relations between the two countries remained to be concluded. The claims conventions had to be approved by the Senate of both countries, and upon approval be signed by the respective Head of State. Before the approval and ratification were even begun, certain events occurring in Mexico by the middle of September seemed to foreshadow Obregón's overthrow by a domestic rebellion. Within three months after it accorded diplomatic recognition to Obregón, the United States was faced with another challenge in Mexico--whether to uphold a government which it had recognized or to support a revolutionary movement. The question of Obregón's successor and intervention by the federal government in the affairs of a Mexican state were the causes of the new revolutionary movement in the autumn of 1923.

⁶⁶See the synopsis of newspaper opinion in Literary Digest, September 8, 1923, p. 24.

CHAPTER VIII

REBELLION AND PEACE: THE TEMPORARY TERMINATION OF THE MEXICAN PROBLEM

Sometime in the early part of 1923 Obregón had begun to consider the presidential election to be held the following summer. As the Constitution then read, Obregón was prohibited from re-election. Summerlin had mentioned in March that Obregón and his cabinet had decided to run Finance Minister Adolfo de la Huerta as the administration's candidate.¹ As a former provisional president of Mexico (May-November, 1920) and as Obregón's finance minister, de la Huerta had generally received favorable comment.² By June, however, Summerlin reported that General Plutarco E. Calles, Minister of Government, had been named Obregón's "official" candidate for the presidency.³

The change was considered surprising since Calles

¹Summerlin to State, March 9, 1923, NA, 812.00/26254.

²Thomas W. Lamont of the International Committee of Bankers had been very impressed with de la Huerta as a potential presidential candidate. Lamont to Hughes, June 19, 1922, NA, 812.51/914.

³Summerlin to State, June 2, 1923, NA, 812.00/26384.

had previously been reported in the Mexican press as being in very ill health. Moreover Calles was considered to be disliked in Mexico, and had built up while in the cabinet much support among certain Mexican labor, agrarian and socialist segments which the United States regarded as "radical."⁴ Summerlin's supposition was that Obregón desired a continuation of the policies of his administration which Calles perhaps could best fulfill. Calles's illness was soon publicly refuted, and he was conveniently on a world tour during the three month conference between the United States and Mexico. On August 30th Calles resigned his cabinet post and six days later became the administration's candidate.

Obregón's reconsideration of his successor was probably related to the Bucareli Conference. Realizing that compromise with the United States was inevitable, Obregón needed a candidate who had little contact with the United States. De la Huerta had already been involved in the negotiations leading to the arrangements with the American oil companies in September, 1921, and in March, 1922, and in the agreement in 1922 with the International Bankers. In both cases de la Huerta could be tainted with the accusation of "imperialism" if Obregón were forced to yield to the United States. Besides, de la Huerta as provisional

⁴Ibid.

President in 1920 had sought recognition from the United States.

Calles was regarded as being more Mexican in nature by his public hostility toward the United States. With his support among labor and the agrarian elements in the country he would be more capable of restraining them in the direction of Obregón's evolutionary reconstruction program. Because Calles was more independent, he could accept more freely any agreement resulting from the conference. His world tour during the time of the conference was a prudent political maneuver which permitted Calles to plead immunity from reaction in Mexico if the conference failed, or if elected, to argue that the Proceedings of the conference were not binding upon him since he unlike Obregón was not in contact with the commissioners when the Proceedings were approved. Obregón may also have thought that he could dominate Calles more than de la Huerta. In Obregón's assessment, de la Huerta was inclined toward emotionalism (as during the conference with the International Bankers) and more importantly lacked political acumen and sufficient support among the key political groups as labor and the peons in Mexico.

Though he had some supporters, de la Huerta had begun to publicly and privately announce that he had no desire to be a candidate for the election and would instead give his backing to Calles. But when Obregón delivered his

annual address to the Mexican Congress on September 1st, some Congressmen voiced their admiration for de la Huerta. The accusation was already being made in Congress that Obregón had avoided the convocation of a national convention to select a candidate. Though not spelt out, the procedure was reminiscent of Carranza's similar tactic with Bonillas in 1920 which had spawned the Plan of Agua Prieta and the Revolution of 1920. Obregón, de la Huerta, and Calles had all been participants in that revolution against Carranza.

Within a few weeks a decision by Obregón stimulated an anti-Calles movement which in turn sponsored de la Huerta as its candidate for the presidency. Victory in an election held in August for the governorship of the state of San Luis Potosí was claimed by the two rival candidates, both of whom took office on September 18th.⁵ With this unusual procedure Obregón requested the Senate to declare the election null and void and to set up a provisional government in that state until new elections were held.⁶ To enforce this decision federal troops were dispatched to the state of San Luis Potosí. Reaction in the press of Mexico City and elsewhere in the country was

⁵Refer to Dulles, Yesterday in Mexico . . ., pp. 186-189, for details of this event.

⁶As the procedure outlined in Article 76, paragraph V, of the Constitution.

immediate. Widespread disapproval of Obregón's decision was based on the supposition that intervention by the federal government of Mexico City within that state was a violation both of the state's sovereignty under the federal system and of Obregón's own argument in the Plan of Agua Prieta in 1920 directed against a similar action by Carranza within the state of Sonora.⁷

Dissension was likewise being expressed in Obregón's cabinet. Declaring the intervention illegal, de la Huerta threatened to resign his cabinet post if Obregón did not relinquish his decision. De la Huerta had supposedly been debating his resignation after his discovery in early September of the contents of the minutes of the joint commission.⁸ Obregón tried to dissuade his Minister of

⁷A detailed account of the origin and development of the rebellion may be found in Dulles, op. cit., pp. 174-200. As a former member of Obregón's cabinet, Miguel Alessio Robles offered some entertaining comments on the affair in Historica Politica . . ., pp. 258-277. A sketchy background of the immediate incident was made by Summerlin, September 28, 1923, NA, 812.00/26467.

⁸De la Huerta remarked later in his memoirs that he initially disapproved of the conference as conceding rights of extraterritoriality to foreigners (the U.S. Commissioners) to be present in Mexico on a matter of domestic policy. While Obregón regarded the United States as acting in good faith, de la Huerta continued to reiterate the promises he claimed were made to him in conferences with Harding and with Hughes in July, 1922. Recognition, he asserted, would be automatic without the necessity of a treaty and without humiliating conditions for Mexico. Adolfo de la Huerta, Memorias de don Adolfo de la Huerta, segun su propio dictado: Transcripción y comentarios del Lic. Roberto Guzmán Esparza (Mexico: Ediciones Guzmán,

Finance from resigning his post, or at least to avoid making his resignation public until after the claims conventions had been approved and ratified.⁹ After the printing of his resignation by the anti-Calles movement on September 24th, however, de la Huerta vacated his post within two days.

To de la Huerta's surprise, the man whom he had recommended to succeed him in his office as Minister of Finance--Alberto J. Pani¹⁰--reported to Obregón on September 30th a deficit of over forty-two million pesos in the federal treasury during the first nine months of 1923.¹¹ Pani accounted for the deficit by de la Huerta's acceptance of an agreement disproportionate to Mexico's

(1957), pp. 217-219, 229.

Miguel Alessio Robles mentioned that de la Huerta had always been opposed to any conditional recognition for Mexico, and continued to protest the conference throughout the summer of 1923. Alessio Robles stated further that the meetings of the joint commission were not specifically mentioned in the cabinet meetings and the Proceedings of the conference were not made known to the cabinet as a whole until October, just prior to the presentation of the claims conventions to the Senate for its approval. Alessio Robles, op. cit., pp. 274-277; 265, 274.

⁹Dulles, op. cit., pp. 190-191.

¹⁰Pani was succeeded in turn in his post as Minister of Foreign Relations by his Under Secretary, Aarón Sáenz.

¹¹Alberto J. Pani, La Política Hacendaria y la Revolución (Mexico: Editorial "Cvltvra," 1926), p. 12.

financial capabilities¹² and of his carelessness and extravagance in spending, his payroll of superfluous employees,¹³ the issuance of checks on insufficient funds and the use of funds set aside for payment on the foreign debt for the current operating expenses of the government.¹⁴

Pani's report and recommendations of October 7th were immediately enacted upon. Obregón began a series of urgent austerity measures to prevent the predicted financial collapse of the government. Unnecessary governmental personnel were removed from the payroll, all salaries of remaining government and of army personnel were reduced ten percent, general expenses were cut, and the tax collection offices were reorganized.¹⁵

When Obregón released this information to the public on October 19th, he pleaded that the financial bankruptcy facing his government had been accomplished without his knowledge or authorization. De la Huerta, who had announced on the same day his candidacy for the presidency, replied

¹²Pani had voiced a similar opinion on the Lamont-de la Huerta Agreement in July, 1922, before its acceptance by Obregón.

¹³Pani estimated that there were nearly two thousand unnecessary persons on the payroll which cost Mexico over 800,000 pesos monthly. Pani, "La Política Hacendaria Del Nuevo Regimen," Tres Monograficas (Mexico: Editorial "Cvltvra," 1941), p. 63.

¹⁴Pani, La Politica Hacendaria . . ., p. 11.

¹⁵Pani, Tres Monograficas, loc. cit.

to Obregón's statements as unjust attacks upon his honor and a personal antagonism by Pani.¹⁶ In spite of oil crises and labor strikes de la Huerta considered that he had managed his office well for three years, that the Lamont-de la Huerta Agreement was within Mexico's capacity to pay, and that if there were such discrepancies in the federal treasury, Obregón was aware of them.

The deficit in the federal treasury was probably not fabricated by the Obregón administration as a political maneuver to embarrass de la Huerta as a potential presidential candidate or solely a matter of personal enmity between Pani and de la Huerta.¹⁷ As Minister of Finance, Pani conducted over the next three years a rigid fiscal reform program.¹⁸ The Obregón government was apparently so short of current operating funds that it even immediately accepted an advance of ten million pesos on the petroleum production taxes from the Huasteca Petroleum Company--the most antagonistic American-owned oil company

¹⁶Dulles, op. cit., pp. 199-200.

¹⁷Consul General Dawson and Chargé Summerlin both emphasized Pani's reports in September and October and the financial crisis facing the Obregón government. Dawson to State, October 12, 1923, NA, 812.51/974; Summerlin to State, October 17, 20, 1923, NA, 812.51/978 and 980.

¹⁸As evidenced by Pani's exhaustive report on Mexico's public finances, 1923-1926, in La Política Hacendaria . . .

in Mexico.¹⁹ Whether the criticisms directed against de la Huerta were thoroughly valid or whether Obregón was unaware of Mexico's serious financial difficulties and abuses, the controversy merely intensified the enthusiasm of the anti-Calles movement.

As de la Huerta's supporters grew steadily more numerous during September and October (including some of Obregón's former cabinet members and many officers of the army), a few of Obregón's friends tried to reconcile the growing break between Obregón and de la Huerta. Miguel Alessio Robles and Governor Ignacio Enríquez of Sonora warned Obregón of his serious political error in attempting to impose Calles as a presidential candidate.²⁰ De la Huerta's strength was primarily increasing, they pointed out, because he was the opposition candidate and was being accused of discrepancies by the administration he had served in. Since Obregón and Calles had allegedly never

¹⁹ Harold Walker, legal representative for the Huasteca Petroleum Company, to Hughes, December 10, 1923, NA, 312.115H861/85. See also Manuel Calero, legal representative for the same company, to Obregón, November 1, 1923, and Obregon's reply, November, 1923, AGN, 104-P1-P-16.

By this arrangement with the Obregón government, Doheny's Huasteca Petroleum Company apparently obtained the ownership and rights of exploitation to one of the greatest potential petroleum-producing regions in Mexico at the time (the Juan Felipe Hacienda). See New York Times, November 15, 1923, p. 31.

²⁰ Alessio Robles, op. cit., pp. 291-293; Ignacio C. Enríquez, The De la Huerta Disloyalty (n.p., 1924).

been close, intimate friends, Alessio Robles and Enríquez pleaded with Obregón to reconsider Mexico's welfare by averting political warfare.²¹

The split between Obregón (and Calles) and de la Huerta became irreconcilable by early December. On December 7th the Plan of Veracruz²² was launched against the Obregón government with de la Huerta as the Supreme Chief of the rebellious forces.²³ The Plan (or program) rested upon a point of honor over the intervention of the federal government of Mexico City within a state election and over a matter of principle in the attempted imposition of the administration's candidate.²⁴ Like the Plan of

²¹In the ensuing rebellion Alessio Robles resigned his cabinet post as Minister of Industry, Commerce and Labor in protest to Obregón's policies. Governor Enríquez continued to support Obregón and criticized de la Huerta for lack of compelling justification to provoke a rebellion against Obregón.

²²So named because the headquarters of de la Huerta's provisional government were located in the city of Veracruz.

²³See Charles W. Hackett, "The de la Huerta Revolution in Mexico," Proceedings of the Fifth Annual Convention of the Southwestern Political and Social Science Association (Austin, Texas: By the Association, 1924), 116-133.

²⁴The Bucareli Conference did not appear to have been a specific issue. According to Aarón Sáenz, eighteen days before the pronouncement of the rebellion de la Huerta mentioned before an informal session of the Senate that he regarded the conference as a suitable triumph for Mexico and that it would result in a better understanding between the two countries; Quoted in Sáenz, La Política Internacional . . ., pp. 71-72.

Agua Prieta in 1920, the Plan of Veracruz became the stimulus for rebellion by dissident groups throughout Mexico. Voted extraordinary powers by Congress, Obregón declared martial law and personally directed the military campaign against the rebellion.²⁵ The former Mexican Commissioner Ramón Ross was speedily dispatched to Washington to seek both moral and material support.

In Washington Ross requested discarded U.S. naval vessels and small arms weapons and ammunition.²⁶ His plea was urgent because the vessels of the Mexican navy located at the port of Veracruz had joined the rebellion. With the rebels controlling the customs houses at the port of Veracruz and the oil fields in the state of Veracruz the Obregón government had been deprived of a vital source of revenue. Meanwhile Summerlin had sent an urgent message to the State Department warning that unless the United States acted immediately with at least some kind of 'moral intervention' on behalf of the Obregón government--regardless of the political campaign and candidates--conditions in Mexico would worsen and vastly increase the danger to the lives and property of foreigners.²⁷ Hanna agreed with

²⁵For the military campaigns, see Dulles, op. cit., pp. 220-262.

²⁶Mexico lacked a munitions factory capable of providing an ample supply for the Mexican army.

²⁷Summerlin to Hanna, September 22, 1923, NA, 812.00/27132.

this and other reports from Mexico that the spread of the rebellion throughout the country would retard its thus far peaceful development since 1920.²⁸

Hughes conferred with Coolidge and Secretary of War John W. Weeks before announcing on January 7th an arms embargo by the United States on Mexico.²⁹ The purpose of the embargo was to reduce the violence and bloodshed in the country which was being promoted by the use of weapons and ammunition from the United States.³⁰ However Hughes stipulated that under the embargo the President and the Secretary of State had the discretion of supplying a limited amount of weapons and ammunition to the recognized Obregón government.

Coolidge had thought that he was bound to some extent by the arms limitation treaties signed by his predecessor. The sale of naval vessels had been prohibited by the Treaty

²⁸Hanna to Hughes, December 28, 1923, NA, 812.00/26673-1/2.

²⁹The arms embargo proclaimed against Mexico in July, 1919, was lifted in 1922. For a summary of the use of the arms embargo against Mexico from 1912 through 1922 consult Elton Atwater, American Regulation of Arms Exports (Washington: Carnegie Endowment for International Peace, 1941), pp. 96-98. A detailed account of its application from December, 1923, through July, 1924, is found on pp. 104-111.

³⁰Proclamation issued by President Coolidge, January 7, 1924, For. Rels., 1924, 428-429. Coolidge acted under a joint Congressional Resolution passed on January 31, 1922.

of Limitation of Naval Armament in 1922.³¹ The sale of rifles and other firearms and ammunition could be considered prohibited by a letter of Harding to the Secretary of War on April 23, 1923,³² in which Harding had recommended that surplus war matériel which encouraged warfare in the world should not be sold. In consultation with his cabinet Coolidge finally approved Hughes's suggestion that the United States continue to waive certain restrictions in the arms embargo on the purchase of weapons and ammunition by the Obregón government.³³ The Secretary of War was given the authorization to proceed with the sale of surplus war matériel.³⁴

The application of the arms embargo was a very obvious discrimination on Obregón's behalf. Because this action would be construed as indirect interference in the domestic politics of a now friendly neighboring state, Hughes publicly defended the Department's policy in a series of addresses. Before a meeting of the Council on

³¹See For. Rels., 1923, 567-568.

³²Harding to Weeks, cited in For. Rels., 1923, 42-43.

³³Coolidge to Hughes, January 28, 1924, LC, Coolidge Papers (Box 160). The initial announcement by the United States to sell a limited quantity of war matériel had been made in a press release on December 29th. Hughes to Summerlin, December 29, 1923, For. Rels., 1923, 569-570.

³⁴Weeks relied upon statutory authorization given to the Secretary of War in an act of June 5, 1920, for his discretion on the sale of surplus war matériel. Between January 7 and March 12, 1924, the War Department sold over \$1,286,000 dollars worth of weapons, ammunition and airplanes. U.S., War Department, Shipment of Arms to Mexico, 68th Cong., 1st Sess., 1924, Senate Doc. 104, pp. 2-3.

Foreign Relations in New York City on January 23, 1924, Hughes outlined the current policy of the United States toward Mexico.³⁵ In September of the previous year the Obregón government had reached such a satisfactory level of stability and disposition to discharge its international obligations that the United States could recognize and renew diplomatic relations with that government. But the sudden attempt to overthrow this constitutionally elected government³⁶ to determine its successor could not be tolerated by the United States, Hughes admonished, especially when the Obregón government requested to purchase weapons and munitions from the United States. Hughes referred to the de la Huerta rebellion as a matter of "personal politics." "It is an effort," he continued, "to seize the presidency; it means a subversion of all constitutional and orderly procedure."³⁷ If the United States had denied Obregón's request for assistance, it would have repudiated a government which was recently recognized and would have encouraged armed rebellion against a legitimate government. Having surplus war matériel to sell, the United States

³⁵Charles Evans Hughes, "Recent Questions and Negotiations," American Journal of International Law, XVIII, No. 2 (April, 1924), 235-236.

³⁶The State Department never denied that Obregón had been constitutionally elected in 1920. Hanna Memorandum to Hughes, May 12, 1922, NA, 711.1211/52.

³⁷Hughes, op. cit., p. 235.

exercised its legal right both to impose an arms embargo as well as to sell arms to the legitimate government to put down the insurrection.³⁸

Hughes's strictly legalistic approach³⁹ had political overtones. Hughes was thinking in terms of a government which the United States had finally found acceptable to recognize after a two-and-a-half year waiting period. The controversial issues between the two countries had been eventually adjusted in the meetings of the U.S.-Mexican Commission in which the United States had accepted a compromise settlement. Having already tired of the Mexican problem, Hughes was unwilling to quibble about what he regarded to be purely a domestic matter. He had made a decision to recognize Obregón, and the settlement reached was with Obregón. Hughes's and the Department's adamant support of Obregón showed an unwillingness to risk or to undo what had been laboriously accomplished.

³⁸This interpretation was applied to Harding's letter of April 23, 1923, in which the letter's content was taken to be primarily concerned with the question of general disarmament. It was thought not to apply to civil insurrections in Latin America where, if literally followed, the policy in the letter would hinder the recurrent problem of keeping order on the continent. Atwater, op. cit., p. 106. Refer also to Hughes, Our Relations . . . Western Hemisphere, pp. 51-54, for a discussion of arms policy toward Latin America.

³⁹Eleanor W. Allen, an expert in international law, supported and substantiated Hughes's reasoning and policies in this case as within the valid principles of international law. Allen, "The Case for American Aid to Obregón," Current History, XX, No. 1 (April, 1924), 71-78.

The State Department's public release, for example, was worded to express a "firm belief" in Obregón's determination to guarantee a peaceful free election for which he was attempting to pacify the country.⁴⁰ Under Secretary of State William Phillips had suggested to Obregón's representatives in Washington that Obregón make a statement of policy in the press on his belief in constitutional principles and free elections. Because the American public "believed absolutely in constitutional guarantees and freedom of elections," Phillips thought that a statement by Obregón would have a very favorable impact on U.S. public opinion in backing the Department's policy.⁴¹

While Mexico was in the throes of another civil war, the claims conventions remained unapproved and unratified. Although the Proceedings of the U.S.-Mexican Commission were in the form of an executive agreement between the two administrations, the claims conventions were the only technical and legal binding force upon the Mexican government. The settlement on the agrarian question in the minutes of the joint commission rested on the recourse of American citizens to a general claims commission,

⁴⁰Under Secretary William Phillips Memorandum of a conference with Ramón Ross and Manuel Téllez (the Mexican Chargé d'Affaires in Washington), January 26, 1924, NA, 812.00/27059.

⁴¹Ibid.

as provided for in the General Claims Convention. By December 27, 1923, Obregón reported that the Special Claims Convention had been approved and ratified, but that the General Claims Convention had not yet come up for discussion in the Senate. Hughes stressed the urgency of the approval and ratification of the General Claims Convention before the Mexican Congress adjourned.⁴² Leaving the unfinished business of ratification of this convention to another session would create an unfavorable impression in the United States at a time when the Obregón government was precariously involved in civil war.

The explanation given for the lack of approval on the convention was an inability to have present the necessary two-thirds quorum in the Senate to take a vote. To end this delaying tactic Obregón had arranged to call a special session in January.⁴³ Those Senators unable (or unwilling) to attend would have "alternates" to fill their places, and hopefully the vote taken would approve the convention.⁴⁴ At the time of the convening of the special

⁴²Hughes Memorandum of an interview with Manuel Téllez and Ramón Ross, December 29, 1923, LC, Hughes Papers (Box 176, No. 90).

⁴³Manuel Téllez assured Hughes that the General Claims Convention would be promptly ratified. Hughes Memorandum of an interview with Téllez, January 3, 1924, LC, Hughes Papers (Box 176, No. 90).

⁴⁴As provided for in Article 63 of the Constitution.

session, however, several curious events occurred. The leading opponent of the General Claims Convention, Senator Francisco Field Jurado, was assassinated on January 23, 1924. Three other Senators who were also opponents of the convention were kidnapped, and "alternative" Senators immediately sworn in to take their place in the special session.⁴⁵ Though these incidents were an obvious deliverate threat to force the Senate to approve the General Claims Convention,⁴⁶ Obregón denied knowledge of the conspiracy and condemned the action.

Before the special session of the Senate, Obregón sent Foreign Minister Aarón Sáenz and the former Mexican Commissioner Fernando González Roa to present the case for the approval of the General Claims Convention. They argued that the convention was neither a limitation nor a violation of Mexico's sovereignty or of the Constitution of 1917. A minority of the Senators feared that the convention gave a privileged position to the United States and evaded certain provisions of the Mexican Constitution.⁴⁷

⁴⁵Field Jurado and the other Senators had been threatened for some time by the Leader of the CROM, Luis Morones. Labor organizations were the staunchest supporters of Calles as the administration's presidential candidate.

⁴⁶Details of the incident are found in Alessio Robles, op. cit., pp. 294-301.

⁴⁷For the debate of the convention in the Senate, consult Aarón Sáenz, op. cit., pp. 92-101.

When put to vote on February 1st, the convention as stated was approved by the majority of Senators. The Special and the General Claims Conventions were then ratified by Obregón on February 16th. Ratifications of the conventions were exchanged between the United States and Mexico, and the conventions proclaimed law in both countries by the beginning of March.⁴⁸ The commissions provided for in these conventions were to begin functioning in August. The ratification of both conventions permitted the appointment of official accredited representatives of the highest diplomatic rank (and accorded the actual de jure recognition to Obregón). Former U.S. Commissioner Charles B. Warren was appointed U.S. Ambassador to Mexico, the Mexican Commissioner Ramón Ross as Mexican Ambassador to the United States.⁴⁹

The de la Huerta rebel government, which claimed to control the greater part of Mexico including the majority of ports and most of the federal military and naval forces,⁵⁰

⁴⁸ Ratifications on the Special Claims Convention were exchanged on February 19th, the General Claims Convention on March 1st. The Special Claims Convention was proclaimed law on February 23rd, the latter on March 3rd.

⁴⁹ Because Warren had won Mexico's respect and confidence, Gen. J. A. Ryan had suggested Warren's appointment as a psychological advantage for the United States in Mexico as well as throughout Latin America. Ryan to Coolidge, August 23, 1923, LC, Pershing Papers (Box 178). Ross was probably selected for his familiarity with Washington and the number of special missions he performed involving the United States.

⁵⁰ Consul General in New York City for the Provisional Government of Mexico to the State Department, December 31, 1923, For. Rels., 1923, 570-571.

lasted about four months. In part the rebellion failed for internal reasons, and in part from the attitude and action of the United States. De la Huerta was not a military officer, and his movement lacked any coordinate thought. Commanding a minimal number of loyal troops Obregón, the military hero of Carranza's Constitutionalist Army, won a series of successful victories against the rebel forces. Obregón's defensive position was uniquely aided by the creation of labor battalions from Mexico City and a few peasant forces from the countryside. Both labor and the peasants, which had benefited from the Obregón government, apparently saw a stake in its preservation. Labor organizations had reached their largest growth and extent of power in the early 1920's.⁵¹ Obregón was considered sympathetic with the labor movement⁵² and Calles was regarded as a friend of labor. Obregón's agrarian reform program was slowly but successfully making some gains.

⁵¹Marjorie R. Clark, Organized Labor in Mexico (Chapel Hill: University of North Carolina Press, 1934), pp. 55-105; William E. Walling, The Mexican Question: Mexico and American-Mexican Relations Under Calles and Obregón (New York: Robin Press, 1927), pp. 82-84.

⁵²Among the documents in the files of the PAFL was a copy of a secret agreement dated August 6, 1919, between Obregón and a representative of the Partido Laborista (Labor Party). In return for its support in the election of 1920 Obregón pledged to carry out a pro-labor program. The Partido Laborista was one of the labor organizations which dispatched labor battalions. Refer to Snow, op. cit., pp. 139-141.

A considerable factor in the failure of the rebellion was the policy of the State Department. While the arms embargo was discriminately applied to the de la Huerta rebel government, the Obregón administration purchased rifles, pistols, machine guns, ammunition, replacement parts for weapons, bombs and airplanes from the War Department. Private U.S. firms generally adhered to the arms embargo and sold weapons and ammunition only upon the sanction of the State Department.⁵³

During the early months of 1924 the Department likewise aided Obregón in non-military matters. Several times the Obregón government was permitted to transport its troops and equipment across United States territory to sections of Mexico where they were needed.⁵⁴ U.S. destroyers and cruisers were dispatched to the Gulf coast of Mexico to patrol the Veracruz-Tampico oil region as a precautionary measure in the protection of American life and property. The Department sent diplomatic protests to the rebel government on the closing of various ports under its control as a threat to world commerce. Unless the rebel government maintained an effective blockade of these ports, the Department argued, the closing of the ports was contrary to international law. The Department issued

⁵³New York Times, January 25, 1924, p. 16.

⁵⁴See For. Rels., 1924, 431.

a stern warning against the mining of ports under the control of the insurgents and on the threat of bombardment of ports not under their control.⁵⁵ Unless absolutely necessary, the Department refused to acknowledge any communication from those individuals claiming to represent the "so-called rebel authorities in Mexico."⁵⁶ In its action and policies toward the de la Huerta rebel government the State Department was taking a much stronger and more hostile stand than it had ever maintained against Obregón.

De la Huerta's faction was at a further disadvantage in the United States because American public opinion was generally sympathetic to Obregón. From its beginning, the de la Huerta rebellion was viewed as a matter of personal politics.⁵⁷ Though in a few instances there was some criticism about a possible precedent in the recent

⁵⁵All of the preceding action and policies are found in For. Rels., 1924, 432-438.

⁵⁶Attached memorandum of Hanna to Assistant Secretary Leland Harrison, February 29, 1924, NA, 812.00/27042.

⁵⁷Nation, December 19, 1923, pp. 703-704; December 26, pp. 748-749; Outlook, December 19, 1923, pp. 661-662; Survey, January 1, 1924, pp. 318-320; a survey of newspaper opinion in the Literary Digest, December 22, 1923, pp. 10-11.

U.S. policy toward Latin America,⁵⁸ a considerable number of American newspapers⁵⁹ supported the Department's policy toward civil war and revolution in Latin America. In the case of Mexico the rebellion was seen as the destruction of Obregón's accomplishments.

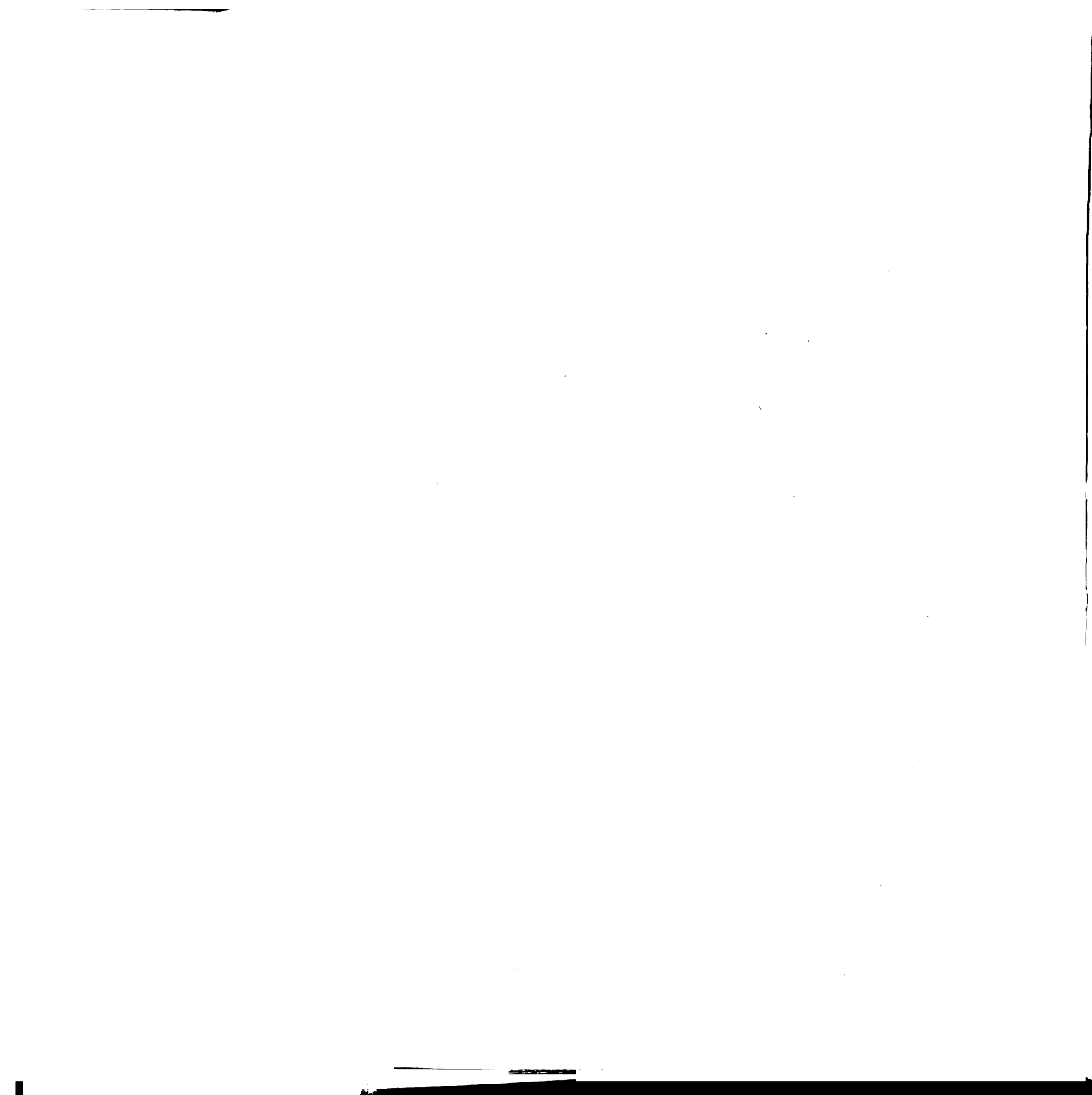
In Congress there were only a few voices of criticism on the Department's policy. In January, 1924, Senators Hiram Johnson (R, Calif.) and Joseph T. Robinson (D, Ark.), Representatives Benjamin L. Fairchild (R, N.Y.) and Emmanuel Celler (D, N.Y.) opposed the partisan sale of weapons and ammunition to the Obregón government as intervention in the domestic affairs of Mexico.⁶⁰ Resolutions by Fairchild and by Robinson which would have prohibited these sales were shelved. The Senators from the border states generally approved the policy of the State Department.⁶¹

⁵⁸See the press comments in Literary Digest, January 12, 1924, pp. 10-11. One journalist, George W. Hinman, Jr., regarded the sale of weapons and ammunition to the Obregón government as committing the United States to a policy of supporting the established order in Latin America against revolutionary factions. Hinman, "The United States' Ban on Latin American Rebels," Current History, XX, No. 1 (April, 1924), 63-70.

⁵⁹See the press comments summarized in the Literary Digest, January 19, 1924, p. 11. New York Times, December 31, 1923, p. 12; January 2, 1924, p. 16; January 12, p. 12; January 24, p. 16. Refer also to American Review of Reviews, February, 1924, 147-157; Current History, July, 1924, pp. 586-596.

⁶⁰U.S., Cong. Record, 68th Cong., 1st Sess., January 24, 1924, 1406-1408; April 1, 5323.

⁶¹New York Times, January 13, 1924, VII, p. 13.



The American Federation of Labor actively supported and assisted Obregón. Its president and also chairman of the Pan American Federation of Labor (PAFL), Samuel Gompers, wished to see the continued growth and development of labor organization in Mexico. Gompers had recommended to the Confederación Regional de Obreros Mexicanos (CROM), the largest and most important labor organization, that they support Obregón's candidate (Calles) in the election in 1924.⁶² When the rebellion occurred, the leadership of the CROM appealed to Gompers to use his influence to prevent weapons and ammunition from reaching the rebel forces. Pledging the full support of the AFL to the Obregón government, Gompers urged all American labor under his control to watch for any shipments of weapons and ammunition to the rebels from the United States.⁶³ He likewise enlisted the aid of the International Federation of Trade Unions (IFTU) in Europe to prevent such shipments to de la Huerta from abroad.⁶⁴ When de la Huerta attempted to neutralize Gompers's efforts, Gompers rejected all compromise.

⁶²Snow, op. cit., pp. 114-117.

⁶³Ibid., p. 118.

⁶⁴The I.F.T.U. requested all its affiliates throughout Europe to cooperate with the Pan American Federation of Labor. Snow, op. cit., p. 120. Report of the Proceedings of the Fourth Congress of the Pan American Federation of Labor (n.p., 1924), p. 40. The I.F.T.U. reported no shipments of weapons or ammunition from Europe to de la Huerta. Snow, p. 123.

In a small way perhaps de la Huerta's eagerness to obtain sympathy and support from the United States led to the eventual failure of his rebellion. Not wishing to offend the United States, de la Huerta gave assurances that the lives and property of foreigners in the territory under his control would not be endangered. In possession of the petroleum fields on the Gulf coast and the customs houses of Veracruz, de la Huerta did not exact as much revenue through taxes and custom duties as he might have. Though he sent mild diplomatic protests to Washington on its action and policy toward his provisional government, de la Huerta always promptly complied with the diplomatic protests from the United States.⁶⁵ By the first part of March de la Huerta still hoped for an interview with Hughes to explain his position.⁶⁶ By his own attitude de la Huerta made it possible for Hughes and Coolidge to pursue an open policy of interference and discrimination against him. In turn the United States did not suffer any embarrassing results of retaliation and reprisals as the Wilson administration had experienced.

Already losing ground in February, the rebel army was finally disbanded by the first of April. Escaping

⁶⁵For example, the mines laid in harbors under his control were removed.

⁶⁶Consul Rankin (Frontera, Mexico) to Hughes, March 10, 1924, NA, 812.00/27098.

to the United States, de la Huerta remained in exile. Once more Mexico began to return slowly to normal pursuits and peaceful activity. The short-lived rebellion had its cost, however, on the economy. The Obregón government had found sufficient difficulty in meeting the first installment due the International Committee of Bankers in December, 1923, on the payment of interest on the foreign debt. The cost of the de la Huerta rebellion, including military expenditure,⁶⁷ government property destroyed, government funds seized by the rebels and the loss of revenue from the areas controlled by the rebels, amounted to more than sixty million pesos.⁶⁸

With the exception of a loan from the Huasteca Petroleum Company in November, 1923, the Obregón government was unable to obtain any loans from American bankers. To help defray the overdue salaries and its current operating expenses the Obregón government in May, 1924, had ordered the sale by auction of some of the public lands.⁶⁹ In the oil fields the cessation of operations by most of the American oil companies eliminated the petroleum production taxes as a source of revenue. As the rebellion ended,

⁶⁷The surplus military supplies purchased from the United States were obtained on a deferred payment contract.

⁶⁸Turlington, op. cit., p. 300.

⁶⁹New York Times, May 9, 1924, p. 9.

labor unrest and strikes in the oil fields continued to halt operations. By June 30th Obregón issued a decree temporarily suspending the Lamont-de la Huerta Agreement of 1922 on the basis that it was signed on the strength of a subsequent loan which did not materialize.⁷⁰ In consideration of the recent turmoil in Mexico, the International Committee of Bankers acquiesced in this suspension of the debt payment.

II

By the late spring of 1924 Mexico had begun to enter into another period of peace and stability. The political turmoil which had recently ruptured the country had gradually ebbed by April. With diplomatic recognition--and still in power despite a rebellion--Obregón might renew his reconstruction program for Mexico. However, Pani's report the preceding autumn on the condition of the federal treasury and the disrupting influence of the rebellion on Mexico's economy and on foreign investment seemed to predict a bleak economic future. The reports of vast investments of American capital in Mexico as a consequence of diplomatic recognition had been largely exaggerated.

⁷⁰In January of 1925 Pani conferred with Lamont, and a revision of the 1922 agreement was arranged in the Pani-Lamont Agreement of 1925.

Since American capital was turning to lucrative investments elsewhere in Latin America, Obregón sought to influence American business and investment through the usual techniques of planned excursions to Mexico and reports of optimistic conditions. By summer it appeared Obregón's efforts were slowly reawakening opportunities for trade and investment in Mexico.⁷¹

As far as the State Department was concerned, there had been no actual opportunity to test Obregón's conduct and policy subsequent to his recognition. His preoccupation with a rebellion and its aftermath shortly after the renewal of diplomatic relations lasted into early June.

⁷¹For example, see "New American Capital In Mexico," New York Times, March 1, 1924, p. 12; "Mexican Progress under President Obregon," Current History, June, 1924, pp. 463-468; an article by the President of the Baldwin Locomotive Works of Philadelphia, Pennsylvania in Collier's, The National Weekly, September 13, 1924, pp. 10-11. Refer also to Cleland (ed.), The Mexican Year Book, 1922-24, and a statistical handbook compiled and edited by H. Schnitzler, The Republic of Mexico: Its Agriculture, Commerce and Industries (New York: Nicholas L. Brown, 1924). An American Industrial Mission to Mexico, composed of nearly one hundred prominent American industrialists and organized by the American Manufacturers Export Association, visited Mexico in September, 1924, and relayed a very favorable report on Mexico as a natural market for the United States. See New York Times, July 10, 1924, p. 33; July 31, p. 20; August 4, p. 22; August 30, p. 11.

The Revolution and its influence on Mexican life and culture and on Mexico's future were discussed in the social welfare magazine Survey, whose entire issue of May 1, 1924, was devoted to Mexico. See also the Nation, August 27, 1924, where a considerable portion of the issue was devoted to Mexico's problems, and whose advertisements emphasized opportunities for trade and investment in Mexico.

Within a month Plutarco Elias Calles was elected President, to take office on December 1st.⁷² With Obregón's term of office ending, the Department did not anticipate any serious problems or crises.⁷³ In spite of Calles's alleged radicalism,⁷⁴ the Department withheld comments on his election, preferring to wait until his term of office began.

On his pre-inaugural tour of the United States during October and November, Calles was the guest of honor at numerous dinners. Representatives of large business organizations and chambers of commerce, industrialists and bankers toasted wishes of good will between the two countries and for the opportunities of Mexico as a lucrative

⁷²Impressed with the peaceful election, the U.S. press thought Calles would continue Obregón's pattern of progress and stability. See Literary Digest, July 26, 1924, p. 13; New York Times, July 8, 1924, p. 18.

⁷³Only two minor issues arose while Warren was Ambassador. Those oil companies which had not reached a satisfactory agreement with the Obregón government eventually met in a conference by early autumn. Tentative arrangements were made for these oil companies to explore and to exploit lands acquired or leased since May 1, 1917. Warren to Coolidge, August 4, 1924, NA, 123W251/69.

The second case involved the land expropriated from a widowed American citizen, Mrs. Rosalie Evans. Refusing to relinquish her property or to accept bonds in payment, she protested to Mexico City as well as to Washington. Though provided with Mexican federal troops, she was murdered in August. Her death, and her letters published posthumously, provided a small amount of publicity on some abuses of the agrarian reform program and on the alleged failure of the United States to protect the rights of its citizens after recognizing Obregon. See the Literary Digest, August 16, 1924, p. 9; Daisy Caden Pettus (ed.), The Rosalie Evans Letters from Mexico (Indianapolis: Bobbs-Merrill, 1926).

⁷⁴Three years' earlier the New York Times had warned

market.⁷⁵ A special dinner was provided in his honor by the State Department. Hughes welcomed Calles by informing him that the dinner reflected the new spirit of good will and confidence existing between the two countries.⁷⁶ Among the guests at Calles's inaugural on December 1st was the newly appointed Ambassador to Mexico, James R. Sheffield.

The State Department was pleased at the outcome of events in Mexico. Ambassador Warren's final report to Washington reflected the growing optimism and confidence placed in the Mexican government.⁷⁷ Re-emphasizing the progress made in U.S.-Mexican relations since 1920, Warren was satisfied that the basis for a better understanding between the two countries had been reached. In the General Claims Convention, for example, a precise and satisfactory method had been provided for the protection of the rights of American citizens in Mexico. As

of a serious "Bolshevik" threat in Mexico. Reflecting the changed atmosphere by Calles's inauguration in December, 1924, the N. Y. Times foresaw no such danger. N. Y. Times, December 2, 1924, p. 24.

⁷⁵New York Times, October 29, 1924, p. 23; November 7, p. 18.

⁷⁶Ibid., November 12, 1924, p. 5; Beerits Memorandum, "Relations with Mexico," LC, Hughes Papers, Box 176, No. 37, p. 17.

⁷⁷Warren had accepted the post of Ambassador on a temporary basis. He resigned in August. Warren to Coolidge, August 4, 1924, NA, 123W251/69.

Warren foresaw it, the future was hopeful; and the Department concurred. The optimism, however, was short-lived. Within a matter of several months after Calles's inauguration, another series of crises arose in U.S.-Mexican relations over petroleum and agrarian legislation. And the cycle of diplomatic protests was renewed--this time with a government recognized by the United States.

III

Hughes was no longer Secretary of State when the new Mexican petroleum and agrarian legislation by December of 1925 had created another crisis in U.S.-Mexican relations. Hughes had remained as Secretary until the beginning of Coolidge's full term in March, 1925. He was spared the ordeal of facing another crisis with Mexico, this time with Plutarco E. Calles (Obregón's successor). It is not difficult to imagine how Hughes would have reacted. He would have no doubt insisted that the provisions of the Proceedings of the joint commission in 1923 were at least morally binding on Calles. But he left his post when U.S.-Mexican relations were at their best rapport within the past fifteen years.

One cannot, of course, divorce Hughes's policy toward Mexico from his other considerations as Secretary of State. No Secretary of State--a man concerned with foreign affairs--

has operated in a vacuum. In addition to Mexico Hughes had to decide on the role of the United States in the world and the problems of the League of Nations, the World Court, reparations, the Far East, even the Monroe Doctrine in Latin America. His overall characteristics as Secretary of State, however, applied equally, if not more pronounced, toward Mexico. Particularly noticeable was his legalism. As one biographer has aptly described Hughes: "as Secretary, he clung to the lawyer's methodical definition of problems and the rendition of final decisions in strict conformity with the rules of logic, law, and precedent."⁷⁸ His legalism, however, transcended mere routine business of state to encompass the international comity. Like most advocates of a world governed by law, he saw law as an instrument to preserve order, peace, and stability in the community of nations as domestic law brought order to anarchy within nations. Law then served as a solution to many of mankind's problems.

In a sense Hughes continued rather than abandoned the idealism attributed to Wilson. The emphasis on principle, justice, righteousness, a strict adherence to international law, was reminiscent of Wilson's policy. His stress on logic and rationality whether in the application

⁷⁸ John Chalmers Vinson in Graebner (ed.), An Uncertain Tradition . . ., p. 132.

of law or in the concept of a world order led him to oversimplify complex matters and "reduce them to formulas,"⁷⁹ as for example, in the Treaty of Amity and Commerce as the simple solution to the controversies between Mexico and the United States. Hughes repeatedly referred directly or implicitly to the terms "reason" and "logic," so much so that Justice Louis D. Brandeis was supposed to have attributed to him "'the most enlightened mind of the eighteenth century.'"⁸⁰ Combined with characteristics of strict legality and sublime rationality was the desire to uphold American rights. Here Hughes accepted the pattern developed by his predecessors and the precedents of customary international law. The policy established to protect American rights abroad was conceived by Hughes to be a general principle, and not dictated by any special interests.

Hughes had not really broken away from the traditional attitudes of the United States in the nineteenth century. Yet the ship of state which Hughes commanded in the early 1920's was one tossed about by the storms and stresses of the times. The three major social revolutions of the 1910's and the new states created after World War I could scarcely be ignored. The world of Hughes's college days

⁷⁹Ibid., p. 133.

⁸⁰As quoted by Vinson, loc. cit.

and early legal career in the 1880's and 1890's was rapidly disintegrating. Reared in the nineteenth century, the problem for Hughes was how to meet the challenge of the twentieth century.

That social revolutions in China, Russia, and in Mexico had successfully challenged the established order meant to Hughes primarily a breakdown of law and the encouragement of anarchy and chaos. The new states formed in eastern and southeastern Europe and in the Ottoman Empire after World War I showed an erosion of the empires or monarchies which had once ruled Europe and imposed on it at least a facade of order. Against this background Hughes's withholding of recognition from Obregón to obtain assurances against the so-called confiscation of (legally acquired) property rights of American citizens in Mexico was essentially then not an isolated policy. Adhering to a traditional view on the sanctity of private property, Hughes would not tolerate social and economic reforms abroad which restricted the rights of Americans (as defined by him). Although Hughes claimed that he was always sympathetic to the basic aims of the Mexican Revolution and was in no way attempting to alter its Constitution,⁸¹ he protested as had his predecessor Lansing against "confiscatory"

⁸¹Beerits Memorandum, op. cit., p. 2.

measures inherent in the petroleum decrees or agrarian legislation. (Curiously, neither Secretary defined the term "confiscation.")

Nonetheless, Hughes's attention to the safeguarding of American property rights abroad seemed logical and reasonable to him at the time, for as he once remarked to Harding, the principle involved was "under the present conditions of the world, rather important."⁸² Hughes showed a marked distrust of revolution, of reform or change accomplished through violence, civil disorder or comprehensive social legislation. Revolutions disrupted the order, peace, and stability of a world governed by law. A strong believer in gradualism when social revolutions demanded results, Hughes's conservatism unwittingly defended and upheld the traditional society. And from the numerous comments on "radicalism" and the fear of "Bolshevism" in Mexico, the State Department staff followed Hughes's thinking. The problem, as one astute observer stated it, was to find a means to achieve essential social and economic reforms on a national scale without virtually "upsetting the international economic system as embodied in the existing body of international law."⁸³

⁸²Hughes to Harding, March 25, 1922, NA, 812.00/25494.

⁸³Dunn, Diplomatic Protection . . ., p. 331.

In his policy toward Mexico Hughes had compartmentalized rather than synthesized his thinking. This permitted him to retain his myopic position on Mexico despite growing evidence of incongruities in his policy. Hughes had reduced the whole complex imbroglio of United States relations with Mexico over the past decade to a single formula--the guarantees in the Treaty of Amity and Commerce. In doing so, he attempted to hold Obregón responsible to customary international law as interpreted by the United States. Hughes stressed rights and duties under international law, which Mexico as a sovereign nation likewise possessed. Certainly Obregón as had Carranza thought that he was fulfilling Mexico's obligations under international law. Hughes had urged Great Britain and France to adhere to the non-recognition policy of the United States. Yet it did not seem to have occurred to Hughes that Great Britain, for example, could have protested the eighteenth amendment on prohibition which undercut "acquired rights" of British firms in the United States and have demanded a special category for British citizens in the United States as Hughes was essentially demanding for American citizens in Mexico. His obsession with the fear of "confiscation," his stress on protection for legally acquired property rights, and his questioning of precedents in Mexican law had made him oblivious of court decisions and legislation in the United States in which

private property was not always held to be inviolable.

Hughes had continually repeated that the policy of the safeguarding of American interests was based upon principle.⁸⁴ He denied that special interests as the oil companies, the International Bankers, or property holders had directly influenced or dictated the Department's policy. The Department's policy was supposed to have been left "entirely free" to deal solely with the diplomatic problems. Yet this policy, as that on loans and investments in March, 1922, was inconsistent as stated in divorcing the political from the economic issues. No matter how sincere Hughes was, the implication in the Nation and other media of a link between the oil companies, Wall Street bankers and the State Department's policy ostensibly contained some truth. By the time of the Bucareli Conference Hughes had turned from principle to practical matters for discussion.

Not until 1922 was Hughes willing to make some re-evaluation or modification of his policy. Public criticism and embarrassing incidents had revealed inconsistencies inherent in the Department's policy. Its non-recognition policy was thwarting the interests of American business (backed by the Republican Party) to expand its markets

⁸⁴Hughes Memorandum, April 9, 1924, NA, 812.51/1051.

and to seek new investments abroad. Discrimination against Mexican citizens in the United States and the problem of a legal suit against an unrecognized government pointed further to the barrenness of the Department's position. Hence Hughes was more amenable to eventual compromise with the Bucareli Conference, although he never abandoned what he considered to be the intrinsic righteousness of his policy. Defeat on his position and the embarrassment of being wrong were bitter pills which Hughes could not swallow. He had hoped to avoid what he regarded as the mistakes of the previous administration on Mexico, and to raise the prestige of the Republican Party with a new and effective policy. Unable to admit that he had made a mistake, Hughes continued to find justification for Obregón's recognition by stressing that changed conditions in Mexico had permitted him to demand less than he could have in 1921.

Unlike his counterpart in the United States, Obregón as President of Mexico was the chief policy-maker. His desire for recognition was clear--to retain his government in power. Perhaps without the Bucareli Conference and the resumption of diplomatic relations he might have remained in power until his term of office expired in November, 1924. The de la Huerta or a similar rebellion would probably have occurred anyway and Obregón might have been fortunate or skillful enough to weather it. (The backing of the United States in the rebellion in 1924

certainly proved beneficial to Obregón, if only in preventing the prolongation of another civil war.)

Nevertheless, recognition did rank high among Obregón's priorities for he worked diligently at it. An extensive propaganda program, personal emissaries, and numerous plans and proposals showed that Obregón considered recognition as a valuable aid, if not a necessity, in consolidating his power. Even during the Bucareli Conference he still hoped for recognition. The question might be asked: could recognition have come sooner? Under Hughes, probably not. Even if the negotiations with the Wilson administration in October and November, 1920, had resulted in de facto recognition of de la Huerta or of Obregón, Hughes would have probably withheld de jure recognition on a policy similar to that developed in 1921.

Obregón, of course, faced the graver burdens. By 1920 Mexico was ready for peace, and Obregón and his government were sincere in their desire to restore peace and stability. They were aware that foreign financial assistance, especially from the United States, was necessary for the task of reconstruction. Mexico had been handicapped by the decade of embittered relations with the United States, and Obregón was aware that the United States had certain legitimate complaints against Mexico. In his campaign addresses in 1919-1920 he made promises which he fulfilled. On numerous occasions Obregón showed himself

more than willing to advantageously settle claims of damages to American citizens, to define and to limit the interpretation and enforcement of Article 27 of the Constitution and to make a settlement on Mexico's foreign debt. All he requested in turn was that the State Department acknowledge his political limitations.

The recurrent theme which Obregón had tried to impress upon the Department was the Mexican nation's extreme sensitivity to its sovereignty and dignity. As emphasized in Pani's last note to the Department prior to the Bucareli Conference, this sensitivity was the most striking characteristic of the Mexican political psychology.⁸⁵ The Department had failed to consider adequately, Pani might have added, that "dignidad" was important to a people who felt dominated in their past relations with the United States. Smaller nations were more conspicuous of a sense of sovereignty, of being autonomous or free from the external control of other nations. A nation as Mexico--of unequal wealth, power and importance compared to the United States--seemed weak or insignificant beside the stronger, dominating United States. The Mexican nation relied upon sovereignty as a consolation, as the only aspect of its nationality on which it could stand up to a much greater

⁸⁵Pani's note to Hughes, Summerlin to State, April 5, 1923, For. Rels., 1923, 528.

power. Consequently, Obregón rejected a formal agreement such as the Treaty of Amity and Commerce proposed by the United States which would bind his government. Obregón pleaded for freedom of action in acceding to the legitimate demands of the United States, to obtain what was politically and momentarily feasible. The alternative, bluntly stated, was the overthrow of his government.

Because Mexico was in the stage of recovery and transition, certain conditions did give the State Department in its mode of mind some justification for caution. Rebel bands existed along the U.S.-Mexican border in late 1921 and into 1922. There were some left-wing elements in Mexico,⁸⁶ and certainly abuses in the agrarian reform program and in permits granted for the drilling of petroleum.⁸⁷ Questions were raised in the Mexican press on the

⁸⁶The day following the official resumption of diplomatic relations, several so-called "radical" Americans and Mexicans in the Department of Education were dismissed by Obregón for "'subversive activities.'" Consul General C. I. Dawson to State, September 5, 1923, NA, 812.00/26455; New York Times, September 30, 1923, p. 6.

⁸⁷The Agrarian Commissions were often careless in the expropriation of land. Occasionally their own records were lost or misplaced. Frequently there was considerable confusion and inefficiency in the various governmental agencies concerned with the issuance of provisional permits to drill petroleum. The concessions were sometimes conflicting, whereby some companies were granted permits and others refused on no apparent valid grounds. Because of the red tape involved, it took nearly a year for a company to obtain a permit; and permits might then be arbitrarily cancelled. See AGN, series 104-P1- on petroleum.

Obregón had relied upon the data provided by the

precise interpretation to be given to certain paragraphs of Article 27.⁸⁸ In reality, these only served to exemplify a delicate domestic situation with which Obregón had been fairly successfully contending.

Like Hughes, Obregón did not lack criticism. The most serious confrontation for Obregón was the Bucareli Conference,⁸⁹ and his subsequent recognition became both praised and criticized. To some he emerged as the master politician in the struggle with the United States, to others as the man who paid a high and dear price for recognition. The closed meetings of the joint commission and the events leading to the de la Huerta rebellion so shortly after the conclusion of the conference--not to mention the assistance and position of the United States toward

Secretary of Industry, Commerce and Labor. In one case in 1922 a company which had always complied with the regulations of the Mexican government lost its permit to a piece of land because of a mistake by the Department of Petroleum. Through a legal technicality that permit was obliged to be given instead to a bitter adversary of the Obregón government--Doheny's Huasteca Petroleum Company. See AGN, 104-Pl-P-12 Pq 15 on the hacienda Juan Felipe. Also see above, footnote 19.

⁸⁸See above, Chapter VI, footnote 45.

⁸⁹It should be noted that two days after the meetings of the joint commission had begun, the Mexican Chamber of Deputies had passed a resolution giving Obregón a vote of confidence and acknowledging that his foreign policy had been conducted within "the general aspirations of the Nation." Chamber of Deputies to Obregón, May 16, 1923, AGN, 104-Rl-E-25 Pq 16. Obregón had at least some domestic support.

Obregón--lent circumstantial evidence to the charge of a secret treaty embodied in the minutes of the Proceedings which sacrificed Mexico's sovereignty.⁹⁰ The most impartial critic of the conference, legal expert Antonio Gómez Robledo, considered that Obregón conceded far less than what the United States demanded.⁹¹ Though he was critical of the Proceedings and the claims conventions on a number of technical points which he asserted gave U.S. citizens a privileged status, Gómez Robledo implied that compromise was inevitable. Under imminent domestic circumstances, Gómez Robledo concluded, recognition had become almost mandatory for Obregón.

In summary, the withholding of recognition by the United States created the impression that its recognition of Obregón implied approval or disapproval of the policy and behavior of his government. A former Solicitor to the State Department and widely acclaimed international lawyer, John Basset Moore, once remarked that the withholding of

⁹⁰Most of the criticisms of the Bucareli Conference and its results were written in the 1920's and 1930's. The issue was raised again in 1958 with the publication of de la Huerta's memoirs and with articles on the conference appearing in the newspaper Excelsior. Nine of the leading theses are outlined and refuted in Aarón Sáenz, op. cit., pp. 138-244. As Obregón's second Foreign Minister, Sáenz defended Obregón's foreign policy against what he referred to as primarily partisan politics. Sáenz also mentioned other authors who supported Obregón.

⁹¹Gómez Robledo, The Bucareli Agreements . . ., p. 180.

recognition from a government was essentially a form of intervention in its domestic affairs and contrary to the concept of sovereignty under international law.⁹² In its past policy of recognition, Moore continued, the United States had never thoroughly approved of all the governments with which it held diplomatic relations. Good and bad governments were part of the "international" facts of life, he added, in a world in which the United States lived and conducted business.⁹³ To Hughes, however, the policy of assurances and guarantees based upon a conception of rights seemed more urgent than the establishment of normal political and economic contacts which would have hastened real peace and recovery in Mexico.

The effect on Mexico of the application of the U.S. policy of diplomatic recognition emerged in the so-called Estrada Doctrine. In 1930 Foreign Minister Genaro Estrada, recalling the problems which had in turn faced Victoriano Huerta, Venustiano Carranza, Adolfo de la Huerta, and

⁹² Moore's comments as quoted and summarized in Herbert W. Briggs (ed.), The Law of Nations: Cases, Documents, and Notes (2nd ed.; New York: Appleton-Century-Crofts, Inc., 1952), pp. 129-130.

⁹³ A further description of Moore's comments in 1930 was made two decades later by Secretary of State Dean Acheson. "'We maintain diplomatic relations with other countries,' he said, 'primarily because we are all on the same planet and must do business with each other.'" Quoted in Briggs, op. cit., p. 130.

Alvaro Obregón, proposed the repudiation of that practice of recognition which in his opinion "'allows foreign governments to pass upon the legitimacy or illegitimacy of the regime existing in another country.'"⁹⁴ This doctrine as well as others postulated by Latin Americans were contributions of the Latin American states to international and to inter-American law. Like the interpretations of international law by the United States, these theories would remain in turn interpretations by the Latin American states to be enforced or ignored on the basis of national interests. Mexico, in general, has been remarkably consistent in adhering to the Estrada Doctrine.

⁹⁴As quoted in Charles C. Fenwick, The Organization of American States: The Inter-American Regional System (Washington, D.C.: privately printed, 1963), p. 297.

APPENDIX

SELECTIONS FROM ARTICLE 27 OF THE MEXICAN CONSTITUTION OF 1917:¹

(Paragraph 1) "Ownership of the land and waters within the boundaries of the national territory is vested originally in the Nation, which has had, and has, the right to transmit title thereof to private persons, thereby constituting private property.

(Paragraph 2) Private property shall not be expropriated except for reasons of public use and subject to payment of indemnity.

(Paragraph 3) The Nation shall at all times have the right to impose on private property such limitations as the public interest may demand, as well as the right to regulate the utilization of natural resources which are susceptible of appropriation, in order to conserve them and to ensure a more equitable distribution of public wealth . . .

(Paragraph 4) In the Nation is vested the direct ownership of all natural resources of the continental shelf and the submarine shelf of the islands; of all minerals or substances, which in veins, ledges, masses or ore pockets, form deposits of a nature distinct from the components of the earth itself, such as the minerals from which industrial metals and metalloids are extracted; deposits of precious stones, rock-salt and the deposits of salt formed by sea water; products derived from the decomposition of rocks, when subterranean works are required for their extraction; mineral or organic deposits of materials susceptible of utilization as fertilizers; solid mineral fuels; petroleum and all solid, liquid, and gaseous hydrocarbons; . . .

¹Constitution of the United Mexican States, 1917
(Washington, D.C.: Pan American Union, 1964), pp. 8-10.

(Paragraph 6) . . . ownership of the Nation is inalienable and imprescriptible and concessions shall be granted by the Federal Government to private parties or civil or commercial companies constituted in accordance with Mexican laws only on condition that regular works be established for the exploitation of the resources in question and that the requirements provided by law be complied with. (Before amendment in 1960).

(Paragraph 7) Legal capacity to acquire ownership of lands and waters of the Nation shall be governed by . . .:

I. Only Mexicans by birth or naturalization and Mexican companies have the right to acquire ownership of lands, waters, and their appurtenances, or to obtain concessions for the exploitation of mines or of waters. The State may grant the same rights to foreigners, provided they agree before the Ministry of Foreign Relations to consider themselves as nationals in respect to such property, and bind themselves not to invoke the protection of their governments in matters relating thereto; under penalty, in case of noncompliance with this agreement, of forfeiture of the property acquired to the Nation. Under no circumstances may foreigners acquire direct ownership of lands or waters within a zone of one hundred kilometers along the frontiers and of fifty kilometers along the shores of the country."

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Ramos, Bibliografía de la Revolución Mexicana (No. 21 and 30 of the preceding series) has been revised in the 1958-1960 edition and a third volume added for the twenty years after 1940. Less exhaustive and more general in scope is Genera Estrada, 200 Notas de Bibliografía Mexicana (No. 31 of the Monograficas Bibliograficas Mexicanas). For the petroleum situation in Mexico the Department of Petroleum of the Ministry of Industry, Commerce and Labor compiled a bibliography of monographs and articles in 1927, Bibliografia del petróleo en Mexico (No. 8 of the Monograficas Bibliograficas Mexicanas). One of the major difficulties in the use of these Mexican bibliographies is either the absence of an index or the items listed are not annotated. Indifferent or valueless monographs and articles are often listed indiscriminately with the key and essential works.

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similar data as Bemis and Griffin's Guide. The annual (since 1935) Handbook of Latin American Studies, prepared under the direction of the Hispanic Foundation in the Library of Congress, contains the more recent material on the Mexican Revolution. More pertinent to Mexico and the American Southwest is Charles C. Cumberland, The United States-Mexican border: A Selective Guide to the Literature of the Region (Supplement to Rural Sociology, XXV, No. 2 (June, 1960)). Especially valuable for the legal thinking on Article 27 of the Mexican Constitution and the petroleum question are John T. Vance and Helen L. Clagett, A Guide to the Law and Legal Literature of Mexico (Washington, D.C.: The Library of Congress, 1945), and S. A. Bayitch, Guide to Inter-American Legal Studies: A Selective Bibliography of Works in English (Coral Gables: University of Miami Law Library, 1957) and Latin America: A Bibliographical Guide to Economy, History, Law, Politics and Society (Coral Gables: University of Miami Press, 1961). In these guides can be found a ready reference of articles published in U.S. scholarly journals and in American law school and international periodicals.

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letters, memoranda, comments, the reports of the U.S. Chargé d'Affaires and consular agents present a fascinating story of attitudes, motivations, explanatory background material and humor which are often lacking in the purely policy documents. The Decimal File Group 812.00/ and 711.12/ series on U.S. political affairs and relations with Mexico (1910-1929) have been microfilmed on about two hundred reels. The microfilming makes the documentation available in one location and includes key documents from the personal papers of the (U.S.) Presidents, Secretaries of State and other leading officials, similar copies of which are not always found in their personal papers. The microfilmed index to these records provides a cross-index to the documents on microfilm as well as to other records (and file numbers) which have not been microfilmed. In the Manuscript Division of the Library of Congress (Washington, D.C.) are the personal papers of Woodrow Wilson, Robert Lansing, Bainbridge Colby, Henry P. Fletcher, Charles Evans Hughes, Calvin Coolidge and John J. Pershing. The personal papers of Warren G. Harding are deposited in the Ohio State Historical and Archaeological Society in Columbus, Ohio.

Less comprehensive than the records of the State Department are the twenty reels of microfilm of the Archivo General de la Nación (Documentos, periodo Obregón-Calles, años de 1921-1924 y 1925-1928) available in the Michigan

State University Library, East Lansing, Michigan, and in the personal collection of Charles C. Cumberland). The AGN is a more carefully edited arrangement in which pages of essential reports and correspondence are often missing.

Among printed documents, the Papers Relating to the Foreign Relations of the United States (Washington, D.C.: Government Printing Office), for 1910-1924 include the major policy-making documents with translation of the important notes, decrees, proposals and editorials of the Mexican government and press, but omit the bulk of the State Department records and the more personal, evaluative documents. The Proceedings of the United States-Mexican Commission Convened at Mexico City, May 14, 1923 (Washington, D.C.: Government Printing Office, 1925), is the only printed documentary material on the Bucareli Conference.

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Charles W. Hackett, The Mexican Revolution and the United States, 1910-1926 (Boston: World Peace Foundation Pamphlet, IX, No. 5, 1926), was the earliest scholarly

summary and analysis of the complicated petroleum and agrarian issues in the diplomatic relations between the United States and Mexico. Frederick S. Dunn, The Diplomatic Protection of Americans In Mexico (New York: Columbia University Press, 1933), included more than the title indicates (Chapters 10-15 inclusive) with a fair evaluation of the role of the social revolution in Mexico, and of Mexican nationalism, agrarian reform, nationalization of petroleum, and the matter of claims between the United States and Mexico. Volume IV (pp. 1-315) of Charles P. Howland (ed.), Survey of American Foreign Relations (4 vols.; New Haven: Yale University Press, 1931), is more comprehensive than Dunn by including discussion of Mexico's debt, its economic relations, Mexican labor and the Church, but is equally as valid as Dunn. Among works of a more general nature on the diplomatic relations between the United States and Mexico prior and subsequent to the Revolution of 1910 would be J. Fred Rippey, The United States And Mexico (New York: Alfred A. Knopf, 1926, 1931), in which Chapters 18-22 are devoted to a critical appraisal of American investment and U.S. policy in Mexico. Chapters 12-15 of James M. Callahan, American Foreign Policy In Mexican Relations (New York: The Macmillan Company, 1932), are based almost exclusively on the printed Foreign Relations Papers without any analysis of the policy. Howard F. Cline, The United States And Mexico (Rev. ed.;

New York: Atheneum, 1963), is good in part for some of the diplomatic problems during the period 1910-1920 (pp. 113-203). Daniel James, Mexico And The Americans (New York: Frederick A. Praeger, 1963), presents a factual but oversimplified account of Obregón's recognition in Chapter 9.

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Eagleton, International Government (3rd ed.; New York: The Ronald Press Company, 1957).

Brief and favorable biographies of Secretaries of State Lansing, Colby and Hughes, are found in Samuel Flagg Bemis (ed.), The American Secretaries of State And Their Diplomacy (10 vols.; New York: Alfred A. Knopf, 1929), X. The biographers of the three Secretaries were connected officially or in an advisory position with the State Department, and their biographies reflect data accessible in documents which were closed to the public at the time. Since Harding turned over all affairs of state to Hughes, the character and policies of Hughes are crucial. Unfortunately Hughes's personal papers in the Library of Congress give little motivation of his policy towards Mexico. No more insight is available in the general editing of his career. Under Hughes's supervision, his secretary Henry C. Beerits prepared a series of detailed memoranda in 1933-1934 on the outstanding periods and events of Hughes's career and general policies as Secretary of State. Beerits Memorandum No. 37, "Relations with Mexico," 1921-1925, LC, Hughes Papers (Box 172), is a seventeen page routine condensation of the bulk of the State Department records. Occasionally, however, Beerits emphasized a particular point which one might infer was a suggested change in Hughes's thinking. As far as Hughes's official policy is concerned, one could consult his Our Relations

to the Nations of the Western Hemisphere (Princeton: Princeton University Press, 1928), for a discussion of Mexico (pp. 37-46; 51-54; 54-73).

Hughes's other early biographers have been no less analytical than Beerits. Hughes's first biographer was legal counsel Charles Cheney Hyde who worked under him. No less favorable than Hyde's chapter in Bemis (ed.), The American Secretaries of State . . ., was Hughes's principal biographer, Merlo Pusey. Based upon Hughes's papers and his biographical notes (interviews with Pusey), Pusey produced a two volume work, Charles Evans Hughes (New York: The Macmillan Company, 1951-1952), which was mainly concerned with his domestic role. Dexter Perkins later wrote a very brief domestic-oriented biography entitled Charles Evans Hughes and American Democratic Statesmanship (Boston: Little, Brown & Co., 1956). The first evaluation of Hughes's policies was John Chalmers Vinson, "Charles Evans Hughes," An Uncertain Tradition: American Secretaries of State in the Twentieth Century, ed. Norman A. Graebner (New York: McGraw-Hill Book Company, Inc., 1961), pp. 128-148. Though somewhat favorable toward Hughes, Vinson pointed out Hughes's central characteristics and provided a more critical assessment of his overall policies, his successes and his failures, within the milieu in which he operated. While Betty Glad--Hughes's most recent biographer--lacks sufficient analysis of his policies, she

has developed a fairly complete psychological study of his early life and career in Charles Evans Hughes and the Illusions of Innocence: A Study in American Diplomacy (Urbana: University of Illinois Press, 1966), Chapters 1-7. Her biography might well have ended when Hughes entered the State Department, for her documentation and analysis are best only in examining the parental, educational, and political influences which shaped Hughes's outlook and personality. On Hughes's policy toward Mexico, for example, she has gone no further than his earlier biographers.

On Mexico since the Revolution of 1910 and the problems confronting Obregón's recognition, the literature is voluminous and often merely propaganda. Much of this propaganda may be found in the Library of Congress or in the Columbus Memorial Library of the Pan American Union. However, there are some specific and excellent works which cannot be discounted. On the background and early development of the Mexican Revolution are Charles C. Cumberland, Mexican Revolution: Genesis under Madero (Austin: University of Texas Press, 1952), and less analytical, Stanley R. Ross, Francisco I. Madero: Apostle of Mexican Democracy (New York: Columbia University Press, 1955). Luis Cabrera, et al., presented an interesting and penetrating approach to the Mexican Revolution in "The Purposes and Ideals of the Mexican Revolution," Supplement to the Annals, LXIX

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Essays in Mexican History, ed. Thomas E. Cotner and Carlos E. Castañeda (Austin: University of Texas Press, 1958), pp. 248-257, discussed its rapid development and growth in the first twenty-five years. Wendell C. Gordon made a judicious examination of the early petroleum controversy under Carranza and during the 1920's as a basis for the later problems of the late 1930's in The Expropriation of Foreign-Owned Property in Mexico (Washington, D.C.: American Council on Public Affairs, 1941).

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report (U.S., Senate) Investigation of Mexican Affairs (66th Cong., 2nd Sess., Sen. Doc. 285, 2 vols., 1920), cannot be ignored. Herbert Feis, Petroleum and American Foreign Policy (Stanford: Stanford University Press, 1944), pp. 3-10, is the briefest account of the global "oil scare" from 1917 through the early 1920's and its relationship to Mexican oil. Two of the leading contemporary monographs on the subject are Joseph E. Spurr (ed.), Political and Commercial Geology and the World's Mineral Resources: A Series of Studies by Specialists (New York: McGraw-Hill Book Company, Inc., 1920), Preface and Chapter I, and Joseph E. Pogue, The Economics of Petroleum (New York: John Wiley & Sons, Inc., 1921), Chapters 2, 24-25. Harold E. Davis made an interesting and accurate hypothesis on how Obregón attempted to utilize Mexico's vast natural resources of petroleum to the advantage of his government in "Mexican Petroleum Taxes," Hispanic American Historical Review, XII, No. 4 (November, 1932), 405-419.

On the Obregón administration itself John W. F. Dulles, Yesterday in Mexico: A Chronicle of the Revolution, 1919-1936 (Austin: University of Texas Press, 1961), pp. 1-267, has provided an almost detailed day by day reconstruction of events as well as a description of personalities. Though a metallurgical engineer by profession who used few primary sources and accepted secondary material uncritically, Dulles did construct on the basis of the data

used a fairly valid history of Mexico in the post-revolutionary period. In addition to Dulles's description of personalities, Francisco Naranjo had compiled a brief sketch of the revolutionary personnel since 1910 in Diccionario Biográfico Revolucionario (Mexico: Imprenta Editorial "Cosmos," 1935). Though undocumented, Miguel Alessio Robles's reminiscences as a former Obregón cabinet member, Historia Política de la Revolución (3rd ed.; Mexico: Ediciones Botas, 1946), provide some description of personalities and events not found elsewhere. As in the case of many Mexican authors, documentation is non-existent. Only when their writings are compared with other authors or with the documentation can their assessments or statements be judged as reliable.

Of the numerous biographies written about Obregón, most have been of a hagiographic nature. John W. F. Dulles (Yesterday in Mexico . . ., p. 692) lists nearly a dozen Mexican biographies of Obregón. In English, Emile J. Dillon, Mexico on the Verge (New York: George H. Doran Company, 1921), and President Obregón, a world reformer (London: Hutchinson and Co., 1923), were propagandist works. Manuel González Ramírez has written a favorable article on Obregón as a statesman in the third edition of Obregón's account of his military campaigns (1913-1914), Ocho mil kilometros en campaña (Mexico: Fondo de Cultura Económica, 1960), pp. 513-549. Ernest Gruening eulogized

Obregón after his assassination in 1928 in "Obregón, Bulwark of the Mexican Revolution," Current History, XXVIII, No. 6 (September, 1928), 887-891.

While the diplomatic problem of recognition appeared to overshadow Obregón's administration, domestic affairs also played a part in limiting or aiding Obregón. Chapter XIII of Wilfred H. Callcott, Liberalism in Mexico, 1857-1929 (Stanford: Stanford University Press, 1931), is devoted to education and religion during Obregón's administration. Marjorie R. Clark, Organized Labor in Mexico (Chapel Hill: University of North Carolina Press, 1934), examined in Chapters 2-4 the development and strength of the organized labor movement during the 1920's. Despite certain overtly biased articles against the Mexican Revolution, Robert G. Cleland (ed.), The Mexican Year Book: The Standard Authority on Mexico, 1920/21 (Los Angeles: Mexican Year Book Publishing Co., 1922), provided some valuable economic data on Mexican petroleum, commerce, banking, and so forth.

Carlton Beals represents the other side of the prism of criticism by his anti-capitalist and anti-foreign viewpoint. One of several Americans who held various educational and literary posts under Carranza, Beal was personally acquainted with many prominent officials of the Carranza and the Obregón governments. His Mexico, An Interpretation (New York: B. W. Huebsch, Inc., 1923)

contains interesting insights into domestic events and personalities of the Obregón administration (Chapters 5-8, 17-19). Though favorable to Obregón, Ernest Gruening in Mexico and Its Heritage (New York: Century Co., 1928), attempted to make an objective interpretation of Obregón's administration. Unlike his earlier position as Managing Editor of the Nation, Gruening in 1928 did point out instances in which the United States had valid points in the problem of Obregón's recognition (pp. 606-611). Although concerned with the Mexican labor movement, William E. Walling made a reasonable appraisal of U.S.-Mexican relations during the Obregón administration in The Mexican Question: Mexico and American-Mexican Relations Under Calles and Obregón (New York: Robin Press, 1927), pp. 159-162. The various political programs as the Plan of Agua Prieta in 1920 and de la Huerta's manifesto in 1924, together with selected political cartoons from the electoral campaign of 1920 through the de la Huerta rebellion, are available in Volume I (pp. 262-265) and Volume II (pp. 88-93) of Manuel González Ramírez (ed.), Fuentes para la Historia de la Revolución Mexicana (4 vols.; Mexico: Fondo de Cultura Económica, 1954-1957).

The financial question of Mexico's foreign debt and its relationship to recognition are aptly treated in former State Department aide Edgar W. Turlington, Mexico And Her Foreign Creditors (New York: Columbia University Press,

1930), Chapters 7-8--the most comprehensive and scholarly analysis of the subject. From the Mexican point of view, the greatest controversy arose over the Bucareli Conference and the Proceedings of the joint commission. Former Minister of Foreign Relations Aarón Sáenz combined into one volume a documented defense of the position of the Obregón government and a summary of the theses of the main critics of the conference, in La Política Internacional de la Revolución: Estudios y Documentos (Mexico: Fondo de Cultura Económica, 1961). The only translated study of the conference is by critic Antonio Gómez Robledo, The Bucareli Agreements and International Law (Mexico: National University of Mexico Press, 1940), acknowledged by Sáenz to be the most impartial writer on the subject.

Periodicals and the Press.

The Reader's Guide to Periodical Literature provides an invaluable listing of articles in the leading periodicals and scholarly journals. The Nation, and to some extent the New Republic, were periodicals most favorable to Obregón's position. Obtaining newspaper sentiment is more difficult, but the Literary Digest does offer a sampling, however limited, of editorial opinion in the American press. Though sometimes erroneous, the New York Times Index is valuable as a ready source of facts, events, and personalities. Opinion by the Mexican press may be found in translation in the State Department records.

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