

Mexican Note Commemorates Oil Nationalization

by Lee Poleske



In 1982 a new 10,000 pesos note (P-736) was put into circulation by the Bank of Mexico to commemorate the 44th anniversary of the nationalization of the Mexican oil industry in 1938.

Pictured on the face of the note is Lázaro Cárdenas, the President of Mexico at the time of the nationalization. He was born in Jiquilpan in the state of Michoacán in 1895. His father died when he was twelve, leaving him to support his mother and seven sisters and brothers.

Three years after the outbreak of the Mexican revolution in 1910, he joined the rebels, raising to Division General by 1928. In the same year he was elected governor of his home state.

A protégé of Plutarco Elias Calles, the strongman of Mexico since 1924, Cárdenas was nominated as the presidential candidate of the ruling party, the National Revolutionary Party, in 1933.

Facing no serious opposition, Cárdenas was elected and took office in 1934. He emphasized land reform, encouraged the formation of labor unions and mollified the anticlerical attitude of previous administrations. Calles made it clear he did not ap-

prove of the new president's action, but through the transfer, reassignment, and retirement of key officials and generals Cárdenas had undermined Calles' power and when, in 1936, Cárdenas suggested that Calles retire to the United States, he had little choice but to comply.

A strike by oil workers in 1937 set off a chain of events that led to the nationalization of foreign oil companies a year later.

Oil had first been discovered in Mexico in 1901 and soon all the major British and U.S. oil companies were operating in the country. Mexican oil played a key role in World War I and by 1921 Mexico was producing 25% of the world's oil. Until 1917 the Mexican government had levied no royalties or taxes on the oil companies, and even after 1917 there was only a 5% royalty. More important than the royalty, Article 27 of the 1917 Mexican Constitution reasserted the state's ownership of the subsoil and its resources, a right given up in 1884 to attract foreign investment in the mining industry. Under pressure from the governments of the United States and Great Britain, the Mexican government promised not to make Article 27 retroactive. In 1925

the Mexicans tried to limit oil concessions to 50 years, but due to protests from the United States, the law was rescinded and open-ended concessions were authorized. Because of such foreign intervention the oil companies came to symbolize Mexico's lack of economic independence.

The oil companies refused to comply with the Federal Board of Arbitration and Conciliation's orders to implement a 27% wage increase, pension plans, medical and vacation plans; expecting, no doubt, the Mexican government to give in to them, as it had always done in the past. They even refused to accept a personal guarantee by President Cárdenas that their costs would not exceed the Board's estimate of 26,000,000 pesos.

On March 18, 1938 President Cárdenas expropriated 17 British and American companies for their "arrogant and rebellious attitudes." The British suffered the greater loss since they owned 60% of the expropriated companies.

Cárdenas' action was hailed by all Mexicans as the declaration of Mexico's economic independence and the rich and poor alike contributed to a National Solidarity

Fund to help compensate the companies for their lost property. A monument, La Fuente de los Petrolés (The Petroleum Fountain), was built to commemorate the expropriation. It is located at the west end of Chapultepec Park.

There were calls for intervention in the United States, but Franklin D. Roosevelt, who had launched the "Good Neighbor Policy," was against it. Secretary of State Hull said the United States recognized the right of Mexico to expropriate foreign property, but expected that fair compensation would be paid. Since in the expropriation decree, Mexico had promised to pay fair compensation, the American government took no further action.

The British government protested the expropriation strongly and even brought up some old claims arising from damage to British property during the revolution. The Mexican government promptly paid the claims, saying unlike some countries, Mexico always paid its debts, a clear reference to Britain's refusal to pay its World War I debts to the United States. Further harsh words between the two countries led to a break in diplomatic relations.

Meanwhile the oil companies kicked out of Mexico refused Mexico's compensation offers, saying they were too low, boycotted sales of Mexican oil, and used all their influence to prevent the sale of oil machinery in Petróleos Mexicanos (PEMEX), the state agency created to operate the oil fields. These and other problems were overcome and Mexican oil production was back to normal within a year. Mexico found markets for its oil in Germany and Japan. When Cárdenas' term was up in 1940, no progress had been made in settling the expropriation dispute with the United States or Great Britain, but with the onset of World War II, neither country could afford to boy-

cott Mexican oil. By 1942 the United States oil companies effected by the expropriation had accepted the compensation offer of the Mexican government, \$23,995,991 plus 3% interest payable in installments over five years.

President Roosevelt arranged for resumption of diplomatic relations between Mexico and Britain during World War II, but it was not until 1947 that these countries reached an agreement settling the 1938 expropriation - \$81,250,000 with interest paid in installments over a period of 15 years.

As the years passed Cárdenas became increasingly critical of the rightward trend of Mexico's ruling party, which had been renamed the Partido Revolucionario Institucional (PRI) (The Institutional Revolutionary Party) in 1946. During the Bay of Pigs invasion he wanted to go to Cuba to help Fidel Castro but was refused permission by the government, Cárdenas died in 1970.

While the face of the 10,000 pesos note commemorates an earthly struggle, the back of the note commemorates a struggle between the gods of the Aztecs. The central subject on the back of the note is the Coyolxauhqui stone, a part of the Great Temple of Tenochtitlan, the Aztec name for Mexico City.

The stone, some sixteen feet in diameter, shows in relief the dismembered body of Coyolxauhqui, the sister of the Aztec war god Huitzilopochtli; who, according to Aztec mythology, led the Aztecs from their homeland somewhere in northeast Mexico to their new home on an island in Lake Texcoco around 1325 A.D. Here they founded their capital of Tenochtitlan, which grew as their empire grew.

Huitzilopochtli's brothers, known collectively as the Huitznahua and his sister Coyolxauhqui were against the move south.

Before the trek started there was a great battle between the war god and his sibling rivals. Huitzilopochtli won the battle and to punish his sister, who had led the fight against him, beheaded and dismembered her.

Because Huitzilopochtli was closely identified with the sun, some students of Aztec mythology interpret the battle on a cosmic scale. The Huitznahua represent the stars and Coyolxauhqui the moon. Each day Huitzilopochtli rises from the womb of his mother, the earth, defeats his enemies, the moon and the stars, and brings light to the world.

The Aztec rite of human sacrifice reenacted this mythical battle. At the summit of the Great Temple of Tenochtitlan there were two shrines, Huitzilopochtli's to the right and the rain god Tlaloc's to the left. The Great Temple, which rose more than 200 feet, is shown on the left side of the back of the note. Victims sacrificed on the altar in front of Huitzilopochtli's shrine were cast down the Temple's stairway, landing where the Coyolxauhqui stone was located. Only through human sacrifice were the Aztec gods able to maintain their vitality, since they depended on human hearts for food and human blood for drink.

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