

## Economic Nationalism in Mexico

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### 108 ▼ *Lázaro Cárdenas, SPEECH TO THE NATION*

Instability and conflict among aspiring leaders marked the first decade of Mexico's revolution, and it was unclear whether the revolutionary movement would survive. In 1917, however, a constitutional convention drafted a new charter for the nation that confirmed the principles of free speech, religious toleration, universal suffrage, the separation of powers, and the inviolability of private property. It also committed the government to social reform and policies to give the nation greater control of its economy.

Little reform took place until the presidency of Lázaro Cárdenas from 1934 to 1940. In a series of bold steps he confiscated millions of acres of land from large estates for redistribution to peasants, introduced free and compulsory elementary education, and sponsored legislation to provide medical and unemployment insurance. His most audacious step, however, was the nationalization of Mexico's oil industry. In 1936 a dispute between unions and the U.S. and British oil companies erupted into a strike, and in the legal battle that followed, seventeen oil companies refused to accept the pronoun ruling of an arbitration board appointed by Cárdenas and the decision of the Mexican Supreme Court that upheld the board's ruling. This refusal led Cárdenas to announce in a radio address to the nation on March 18, 1938, that the government had expropriated the property of the oil companies. In the following excerpt from his speech, Cárdenas, after recounting the events in the labor dispute, comments on the role of the oil companies in Mexico's economic and social development.

#### QUESTIONS FOR ANALYSIS

1. In the account of Cárdenas, which actions by the foreign oil companies forced him to nationalize the oil industry?
2. According to Cárdenas, what truth is there in the oil companies' claims that they have benefited Mexico?
3. According to Cárdenas, who is ultimately responsible for the actions of the oil companies?
4. Which political activities of the oil companies does Cárdenas condemn?
5. What hardships does Cárdenas anticipate for the Mexican people as a result of his decision?
6. In what ways is Cárdenas's speech an appeal to Mexican nationalism?

In each and every one of the various attempts of the Executive to arrive at a final solution of the conflict within conciliatory limits . . . the intran-

signe of the companies was clearly demonstrated. Their attitude was therefore premeditated and their position deliberately taken, so that the Government, in defense of its own dignity, had to resort to application of the Expropriation Act, as there were no means less drastic or decision

less severe that might bring about a solution of the problem. . . .

It has been repeated *ad nauseam* that the oil industry has brought additional capital for the development and progress of the country. This assertion is an exaggeration. For many years throughout the major period of their existence, oil companies have enjoyed great privileges for development and expansion, including customs and tax exemptions and innumerable prerogatives; it is these factors of special privilege, together with the prodigious productivity of the oil deposits granted them by the Nation often against public will and law, that represent almost the total amount of this so-called capital.

Potential wealth of the Nation; miserably underpaid native labor; tax exemptions; economic privileges; governmental tolerance — these are the factors of the boom of the Mexican oil industry.

Let us now examine the social contributions of the companies. In how many of the villages bordering on the oil fields is there a hospital, or school or social center, or a sanitary water supply, or an athletic field, or even an electric plant fed by the millions of cubic meters of natural gas allowed to go to waste?

What center of oil production, on the other hand, does not have its company police force for the protection of private, selfish, and often illegal interests? These organizations, whether authorized by the Government or not, are charged with innumerable outrages, abuses, and murders, always on behalf of the companies that employ them.

Who is not aware of the irritating discrimination governing construction of the company camps? Comfort for the foreign personnel; misery, drabness, and insalubrity for the Mexicans. Refrigeration and protection against tropical insects for the former; indifference and neglect, medical service and supplies always grudgingly provided, for the latter; lower wages and harder, more exhausting labor for our people.

The tolerance which the companies have abused was born, it is true, in the shadow of the

ignorance, betrayals, and weakness of the country's rulers; but the mechanism was set in motion by investors lacking in the necessary moral resources to give something in exchange for the wealth they have been exploiting.

Another inevitable consequence of the presence of the oil companies, strongly characterized by their anti-social tendencies, and even more harmful than all those already mentioned, has been their persistent and improper intervention in national affairs.

The oil companies' support to strong rebel factions against the constituted government in the Huasteca region of Veracruz and in the Isthmus of Tehuantepec during the years 1917 to 1920 is no longer a matter for discussion by anyone. Nor is anyone ignorant of the fact that in later periods and even at the present time, the oil companies have almost openly encouraged the ambitions of elements discontented with the country's government, every time their interests were affected either by taxation or by the modification of their privileges or the withdrawal of the customary tolerance. They have had money, arms, and munitions for rebellion, money for the anti-patriotic press which defends them, money with which to enrich their unconditional defenders. But for the progress of the country, for establishing an economic equilibrium with their workers through a just compensation of labor, for maintaining hygienic conditions in the districts where they themselves operate, or for conserving the vast riches of the natural petroleum gases from destruction, they have neither money, nor financial possibilities, nor the desire to subtract the necessary funds from the volume of their profits.

Nor is there money with which to meet a responsibility imposed upon them by judicial verdict, for they rely on their pride and their economic power to shield them from the dignity and sovereignty of a Nation which has generously placed in their hands its vast natural resources and now finds itself unable to obtain the satisfaction of the most elementary obligations by ordinary legal means.

As a logical consequence of this brief analysis, it was therefore necessary to adopt a definite and legal measure to end this permanent state of affairs in which the country sees its industrial progress held back by those who hold in their hands the power to erect obstacles as well as the motive power of all activity and who, instead of using it to high and worthy purposes, abuse their economic strength to the point of jeopardizing the very life of a Nation endeavoring to bring about the elevation of its people through its own laws, its own resources, and the free management of its own destinies.

With the only solution to this problem thus placed before it, I ask the entire Nation for moral and material support sufficient to carry out so justified, important, and indispensable a decision. . . .

It is necessary that all groups of the population be imbued with a full optimism and that each citizen, whether in agricultural, industrial, commercial, transportation, or other pursuits, develop a greater activity from this moment on,

in order to create new resources which will reveal that the spirit of our people is capable of saving the nation's economy by the efforts of its own citizens.

And, finally, as the fear may arise among the interests now in bitter conflict in the field of international affairs<sup>1</sup> that a deviation of raw materials fundamentally necessary to the struggle in which the most powerful nations are engaged might result from the consummation of this act of national sovereignty and dignity, we wish to state that our petroleum operations will not depart a single inch from the moral solidarity maintained by Mexico with the democratic nations, whom we wish to assure that the expropriation now decreed has as its only purpose the elimination of obstacles erected by groups who do not understand the evolutionary needs of all peoples and who would themselves have no compunction in selling Mexican oil to the highest bidder, without taking into account the consequences of such action to the popular masses and the nations in conflict.

<sup>1</sup>World War II in Europe was still more than a year away, but the Japanese invasion of China was in full swing, Spain was in the midst of its civil war, and Hitler had just annexed Austria.