

Introduction



In early March 2002, a group of local dignitaries from Veracruz, the most important port on Mexico's Atlantic seaboard, gathered to unveil a set of statues commissioned to commemorate the centenary of major engineering works inaugurated in 1902.¹ At the centre of the group of sculptures were the two figures of Porfirio Díaz (president of Mexico 1876–80, 1884–1911) whose government had commissioned the port works, and the work's contractor, the British businessman Weetman Pearson. The political and symbolic significance of the centenary celebrations and the unveiling ceremony was underlined by the attendance not only of Mexican President Vicente Fox, but also by the heir to the British throne, Charles, Prince of Wales, as part of a weeklong tour to Latin America.²

Shortly before what would have been anticipated as an anodyne occasion of the unveiling ceremony, a controversy broke over the inauguration of the statues which received extensive coverage in the Mexican press. Humberto Peraza, the sculptor commissioned to execute the statues, whose previous commissions had included a statue of Mexico's most famous comedian, Mario Moreno Cantinflas, probably had little idea of the comedy that was to follow.³ In what can perhaps be described as a fit of emotional and/or revolutionary pique, the governor of Veracruz at the time, and the official host of the commemoration, Miguel Alemán Velasco, declared his refusal to unveil the statue of Porfirio Díaz and promised instead that he would tear it down at the first available opportunity. He accused Díaz not only of being a traitor to his country, but also of assassinating his grandfather, Miguel Alemán Gonzalez. As a result of the controversy, the celebrations went ahead, but they were hurriedly reorganised. Prince Charles put in a brief appearance, made no speeches, and was then dispatched on a tour of the restoration work in Mexico City's colonial centre (*Centro Histórico*), and, appropriately enough for a man who talks to plants and animals, to a butterfly sanctuary in Michoacán.⁴

Governor Alemán's impassioned intervention contained elements of both high farce and political melodrama. The governor seemed to be unaware that his grandfather was not a victim of political repression or of Don Porfirio's henchmen, but had committed suicide in 1929—fourteen years after Porfirio Díaz's own death in exile in Paris in 1915. Alemán's grandfather, in fact, sadly took his own life after making the fateful decision to join what has become infamous as the last attempted military coup (*pronunciamiento*) in Mexico in the twentieth century—the abortive rebellion led by General Gonzalo Escobar against President Emilio Portes Gil in 1929.⁵

Aside from its value as an anecdote, the controversy had broader implications. In the first place, the identity of its main protagonist was significant in itself. Governor Alemán was one of the most influential figures within the hierarchy of the *Partido Revolucionario Institucional* (the Party of the Institutionalised Revolution, universally known in Mexico as the PRI), a former chief executive of *Televisa*, and last but not least, the son of former President Miguel Alemán Valdés (1946–52), one of the PRI's founding fathers. Throughout its extensive and exclusive domination of Mexican politics from its founding in 1946 to its first electoral defeat in July 2000, the PRI was responsible for the forceful articulation of its brand of nationalist rhetoric and of an official version of national history (or *historia patria*) which branded the regime of Porfirio Díaz as the supreme example of political tyranny and national betrayal.⁶

The controversy therefore served to draw attention to the significant level of historiographical distortion and inaccuracy to which the Díaz regime continues to be subject, and the persistent, albeit increasingly discredited belief—but one which nevertheless is still frequently articulated by Mexican politicians and the Mexican media—that Porfirio Díaz was a traitor to his country. An integral part of this historiographical distortion is the trope that the relationship between the Díaz regime and overseas businessmen such as Pearson constituted a type of Faustian pact between corrupt elites and rapacious foreigners in a conspiracy to plunder Mexico's economic resources. These accusations have their roots in nationalist, structuralist, and *dependentista* historiographies which still retain a high degree of popular (although no longer academic) currency on both sides of the Atlantic. One of the central purposes of this book is to suggest that this historiography has been less than helpful in explaining Pearson's success in Mexico. Instead, the explanation lies in a series of interlocking and overlapping factors which relate not only to Pearson's personal agency and modus operandi but also to the political, economic, and business context of Victorian Britain and Porfirian Mexico.

While any discussion of individual case studies inevitably contains a good deal of biographical detail, what follows is less a biography of Weetman Pearson than an attempt to contextualise and analyse the nature of his extensive business activities in late nineteenth- and early twentieth-century Mexico.⁷ It is based upon two fundamental premises. First, Pearson was not only the most influential British businessman in Mexico in this period, but also one of the most successful—if not *the* most successful—of British overseas entrepreneurs, not only in Latin America, but anywhere within the formal or the informal British Empire. Second, Pearson's extraordinarily diverse business interests in Mexico constituted a veritable business empire, ranging from construction, mining, and public utilities, to manufacturing, transportation, and, most significantly, oil. As such, it constitutes an ideal case study of the rise of global business organisations and British entrepreneurial agency in late nineteenth-century Latin America, and provides an ideal opportunity to question previous historiographical frameworks for the understanding of the role of overseas interests in this crucial phase of national development in Mexico.

Hitherto, the success of nineteenth-century British businessmen overseas (the “British Lions” of the book's title)—and especially in countries outside the core of the industrialised North Atlantic—has largely been understood as a function of either the dynamic character of British formal or informal imperialism in the “golden age” of empire, and/or of the inequalities within the structure of the international economy in the nineteenth-century Atlantic world which, as the argument goes, rendered economies on the periphery of world trade and finance (such as Mexico) vulnerable to dependent, distorted development and systemic exploitation. Chapter One explores and challenges these frameworks, and seeks instead to emphasise the agency of the Mexican political elite (the “Mexican Eagles” of the title) in the process of state- and nation-building, and their harnessing of overseas capital, technology, and expertise in the pursuit of a strategy of national development. It also explores the context of Pearson's arrival in Mexico from the perspective of British-Mexican relations in the nineteenth century. Despite the persistent obstacles faced by overseas entrepreneurs in Mexico throughout most of the nineteenth century, Pearson, by contrast, was able to take advantage of the unprecedented opportunities made available to British businessmen following the reestablishment of British-Mexican diplomatic relations in 1884, and the settlement of outstanding debts to British bondholders (the *Deuda Inglesa* or English Debt) in 1886.

Chapter Two examines the political and economic environment of late Victorian and Edwardian Britain from which Pearson emerged to construct his Mexican business empire. Emphasis is placed on the vital interplay of

politics and business in Pearson's career. He had already established himself as a successful public works contractor in Victorian Britain through the family firm of S. Pearson and Son before his first venture into overseas contracting in the 1880s. But his business success was both reflected in and enhanced by a political career that took him to the House of Commons in 1895 and from there to the House of Lords in 1910 when he was granted a peerage (as, first, Baron, and later Viscount Cowdray).⁸

Chapter Three examines the context of Pearson's first contract in Mexico, the construction of a drainage canal (*Gran Canal del Desagüe*) to relieve the perennial problems of flooding and water-borne disease in Mexico City. It is important to emphasise here that Pearson came to Mexico not as an overseas investor but as a public works contractor and, therefore, in effect, an employee of the Mexican government. The Gran Canal was one of the most important public works projects in nineteenth-century Mexico, and it proved vital to Pearson's subsequent success. The technical and organisational skills he employed in the completion of the project—where many had previously failed—combined with his empathy to the developmentalist project of the Díaz government, and his assiduous cultivation of a clientalist network, facilitated the award of further public works contracts—most notably the reconstruction and management of the Tehuantepec National Railway, which promised to open up to international commerce an interoceanic trade route between Mexico's Atlantic and Pacific coasts (the subject of Chapter Four).

Pearson's affinity with the strategy of Mexican national development, and the support offered to him by its leading and most influential advocates in Mexico, encouraged him to commit himself to what would become his most significant, and his most profitable, Mexican enterprise—the oil business, under the auspices of his Mexican Eagle Oil Company (*Compañía Mexicana de Petróleo El Aguila*), registered as a Mexican company in 1909. It is important here to emphasise the difference between Pearson's oil business and the public works projects he had carried out in Mexico since 1889. These earlier projects had been funded by Mexican public debt, planned by the Mexican government as part of a strategy to develop Mexico's infrastructure, and entrusted to Pearson in the role of contractor and project manager. The risks and the responsibilities of bringing these projects to fruition lay almost entirely with the Mexican government. Pearson's entry into the oil business still depended on the development of the personal and business connections which he had cultivated with the political and social elite since 1889. The fundamental differences between the oil business and his other activities lay, first, in the investment of his own capital; and, second, in the assumption of the main burden of risk and responsibility.

With no prior experience in the oil business, Pearson encountered considerable early difficulties in establishing his operations on a profitable footing, as explained in Chapter Five. The discovery of major deposits in northern Veracruz in 1910—in the same year that Pearson had been awarded a peerage—encouraged him to stay in Mexico, despite the popular protests, political upheaval, and the economic disruptions which followed the outbreak of the Mexican Revolution in November of the same year, circumstances which forced many other foreign businessmen to abandon the country. Paradoxically, therefore, Cowdray's oil business profited during the Revolution, principally as a result of the dramatic rise in the demand for oil, especially during the course of World War I (Chapter Six). Nevertheless, the Mexican Revolution represented a watershed for his Mexican interests. The structural and technological limitations of El Aguila, and the multiple practical and political difficulties he encountered during the periods of revolution, counter-revolution, and civil war, obliged him to search for a way out of his Mexican commitments. Chapter Seven explores the developments after 1914 which led to the sale of the controlling interest in El Aguila to the Shell group in May 1919.

Although Cowdray had given up management of his Mexican oil business, this did not signal the end of his interests in Mexico, since the Pearson Group retained a significant number of shares in El Aguila until the nationalisation of oil by the government of President Lázaro Cárdenas in 1938. Nevertheless, the transfer of managerial control of El Aguila in 1919 signalled the beginning of the end of the Pearson business empire in Mexico. It marked the end of one era, and the transition to another: not only in the case of S. Pearson and Son and the diversification of its contracting business and eventual consolidation (as the media group Pearson PLC), but also, in a much broader sense, from an era of globalisation, imperialism, and liberal nationalism which characterised the late nineteenth and the early twentieth centuries, to a period of deglobalisation, imperial decline, and revolutionary nationalism which would define the half century after 1929 and transform the context and character of British overseas enterprise.