

**The Oil Nationalizations in Bolivia (1937) and Mexico
(1938): a comparative study of asymmetric confrontations
with the United States**

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I. Introduction

Between 1937 and 1942, oil nationalizations in Bolivia and Mexico established a period of tension and conflict with U.S. companies and government. While in both cases foreign companies were finally expelled from host countries in what can be seen as a starting point for the purpose of building a national oil industry, a closer look at political processes reveal that the Bolivian government was less successful than the Mexican in maintaining its initial stand in face of the pressure of both the foreign company and the U.S. Government. Why, despite similar contextual conditions, was it more difficult for Bolivian than for Mexican officials to deal with the external pressures to end their respective oil nationalization controversy? The purpose of this study is to explore, in light of the Mexican and Bolivian oil nationalizations of the 1930's, how important domestic politics is in less developed countries to maintain divergent preferences against more powerful international actors.

This paper focuses on the political options of actors from peripheral countries in making room for their own interests in an international system marked by deep asymmetries. We assume that these options are in part the product of processes unfolding inside national political arenas. We do not see states as unitary actors where the rulers of the day can take for granted all the necessary political support and resources for the defense of an alleged national interest, no matter how they actually define it. Instead, we contend that, similar to what happens with purely domestic issues; foreign policy issues may also be the object of deep political confrontation. Thus, the ability of a government to bring a foreign controversy to its satisfaction will in part depend on its ability to build a cohesive and heterogeneous coalition supporting the rulers' stand, at least on that particular foreign policy issue. Building that kind of coalition is probably a more urgent need in the case of a less powerful country whose government is challenging the interests of stronger powers in the international arena.

Traditional systemic arguments in International Relations theory tend to see little relevance on the behavior of small powers in determining the big trends of the system's stability or change. Nevertheless, when we begin to recognize that other factors beyond material capabilities have a role to play in our understanding of the notion of power, the effectiveness of influence, and, more generally, in the making of the modern international

system, it is also possible to figure out the conditions under which weaker international actors can enhance their interests in a highly asymmetric distribution of material capabilities.

Images of power as more than the possession of material capabilities had also stressed the importance of considering context, the particularities of different issue-areas and the very dynamics of interactions (BALDWIN, 1979; SINGER, 1963). Following this reasoning, Robert Keohane and Joseph Nye (1977), in describing the implications for international politics in scenarios of complex interdependence, called into attention the distinction between potential and effective power. Potential power equals the control of material resources traditionally measured as power, but once a tentative of influence is launched, there is a necessary bargaining process in which much of that initial potential power can be lost. Especially when interconnectedness occurs through multiple channels, military security is not necessarily the top priority in the international agenda and the use of force can provoke negative effects on otherwise mutually profitable relations. Considering the special conditions in which the United States was able to determine most features of a new world order after World War II, John Ikenberry (1998) recognizes that, to be credible, the new hegemon had to accept institutionalized mechanisms of self-restraint and limits to the exercise of its highly superior coercive capabilities.

Even in the realm of the unequal relations between peripheral countries – often former colonies – and dominant modern powers, hierarchical orders are built upon principles of juridical sovereignty allowing weaker states the possibility of, from time to time, vindicate the expansion of their margins of autonomy (LAKE, 2009). This possibility is often enhanced in the case of contracts regarding the extraction of natural resources. If for some reason a renegotiation of those contracts is on the table, as in the numerous cases of resource nationalism, the host country has a better bargaining power because of the residual rights of control over territorially based assets (COOLEY; SPRUYT, 2009).

The emergence of different modalities used by the weak for dealing defensively with hegemonic powers, especially the United States, are well documented. It includes strategies ranging from open confrontational attitudes to more subtle balking tactics (RUSSELL; TOKATLIAN, 2011; WALT, 2005). Particularly important for our study is the consideration of the role of domestic politics as a space where favorable conditions for the weak can be, or should be, built in the first place in order to take advantage of other contextual and international conditions. For example, political unity on the smaller state's side can

eventually limit the abilities of statesmen of the strongest to manipulate asymmetrical interdependence in the Keohane & Nye (1977) theoretical framework. Regardless of asymmetries, neoclassical realists stressed the role of domestic politics as an intervening variable in the way a given country's foreign policy interact with systemic pressures (ROSE, 1998; SCHWELLER, 2004; ZAKARIA, 1998). This school of foreign policy analysis has made a valuable distinction between national power, meaning the material and human resources a nation possesses as a whole, and state power as the proportion of these resources a specific government can, depending on political conditions, effectively use for well-defined purposes (ZAKARIA, 1998). Lack of intra-elite cohesion and divergent preferences, as well as material and political constraints have often emerged as unexpected barriers for foreign policymakers in making decisions otherwise seen as "needed" for the defense of national interests (SCHWELLER, 2004).

The rise and development of national oil industries in Latin America, often at the expenses of foreign investors, have been the subject of large amounts of relevant scholarly contributions. Regarding case studies, the Mexican experience has deserved probably the largest proportion of analytical and historiographical efforts (BUCHELI, 2010), but also relevant comparative endeavors can be traced (BERRIOS; MARAK; MORGENSTERN, 2011; BROWN, JONATHAN C.; LINDER, 1995; BROWN, JONATHAN; LINDER, 1998; BUCHELI; AGUILERA, 2010; O'BRIEN, 1996; PHILIP, 1989; SÁNCHEZ, 1998; WILKINS, 1974). Specifically for the Bolivian and Mexican cases in the 1930, there are previous historical comparative studies describing the first two Latin American experiences of oil expropriations at different analytical dimensions. Bryce Wood (1967) built a rich and extensive narrative of both cases in his study of the origins and development of Roosevelt's Good Neighbor policy. Stephen Krasner (1978) turned his attention to these cases as instances in which the State Department successfully disputed foreign policy priorities with private companies. More recently, Maria Cecilia Zuleta (2014) explored Bolivian perceptions of the Mexican nationalization experience.

We see the Bolivian offensive over the Standard Oil and the Mexican expropriation of eighteen foreign oil companies (including the Standard Oil itself) as an opportunity to compare two different instances of asymmetric bilateral conflicts with a significant array of similar conditions regarding, besides simultaneity, the starting causes of conflict (the seizure of foreign oil companies' assets), the actors involved, and the international context.

Following a most similar system design strategy, these similarities can be taken as “constant” while the analysis focuses in the differences at the level of the national political arena that we contend are an important part of the explanations for the different outcomes we identify. In the next section, we present our arguments about the similarities and differences we see in these two cases. Then, we make a separate portrait and discuss relevant features of the contrasting domestic political context in both countries. Finally, we make analytical considerations on the role of domestic politics in building opportunities for the weak to advance its interest in asymmetrical environments.

II. Challenging Big Oil: the Mexican and Bolivian post-nationalization paths

The struggles that took place in Bolivia and Mexico in the 1930s around the oil industry are frequently classified as successful attempts to take full control of foreign assets in a host country (BERRIOS; MARAK; MORGENSTERN, 2011; BLASIER, 1976; GOERTZ, 1994; KRASNER, 1978; WOOD, 1967). The growing importance of hydrocarbons as a primary source of energy in the world economy motivated, on one hand, the oil companies’ (mostly of U.S. and British origins) search to secure oil supplies in accessible areas with suitable political conditions. On the other hand, host countries that initially welcomed those oil investors increasingly sought to improve their share in the oil business. As the foreign companies resisted, oil rapidly became an issue on different national political arenas and the hydrocarbons industry arose as a symbol of foreign domination.

By the time the governments of Bolivia and Mexico decided to expel international oil companies, a variety of political attempts to modify the legal conditions for the operation of the hydrocarbon industry had been seen in Latin America. Disputes around legislation, tax matters, labor problems, and government inspections fed a growing hostility between foreign investors, governments and relevant actors in national political arenas (GOERTZ, 1994; WILKINS, 1974). But nationalization is certainly the most drastic outcome among other modalities of incremented control over the industry, such as increasing taxes and royalties, creating national companies to compete with the private and foreign ones, and securing majority shares by the state in joint ventures (BERRIOS; MARAK; MORGENSTERN, 2011; GOERTZ, 1994).

The Bolivian and Mexican cases are remembered as the two first relevant oil nationalizations outside the communist world. In both countries, foreign companies assets

shifted hands to government control and it provided the basis for subsequent efforts to build a national oil industry. Although the foreign companies wanted their respective governments (mainly the U.S. Government) to intervene with coercive means to force the reversal of the Mexican and Bolivian actions, a diplomatic settlement was finally negotiated in both cases. It has also been widely acknowledged that there were important contextual opportunities in favor of such a drastic move against the most powerful oil companies of the time: the imminence of World War II and the redesigning of the U.S. Foreign policy towards Latin America according to the Roosevelt ‘Good Neighbor’ framework (WOOD, 1967). Under those conditions, the State Department’s behavior was guided by a different set of goals than the ones the U.S. Oil companies would have preferred (KRASNER, 1978).

The Mexican episode should be understood in the context of a longstanding dispute over legislation that started in 1917, when a new constitution declared the national property of the subsoil resources. It was part of a wider political process in which the end of the Porfirio Díaz regime (1876-1911), and the revolutionary movement that came with it, opened the space for a complete renewal of political elites and the proposition of an ambitious social reformist program. Díaz’s openness towards foreign investment was perceived as excessive and harmful to national interests and the oil industry was seen as a key area to regain control. Complete nationalization was not necessarily the only solution envisaged by the different nationalist factions, but president Lazaro Cardenas decided to give that step after the foreign oil companies’ refusal to implement a decision of the Mexican Supreme Court to improve wages and workers conditions.

The expropriation decree announced on March 18, 1938, declared of public utility the foreign oil companies’ assets and assured compensation for the companies to be paid in ten years. That move provoked an immediate reaction. Shortly after, the US State Department delivered diplomatic notes urging the Mexican government to deliver “prompt, adequate, and effective compensation” to the companies (SIGMUND, 1980). Other measures were taken to add pressure on the Mexican side. A monthly silver purchase agreement was suspended. The Export-Import Bank refused the financing of Mexican projects. The companies attempted to boycott Mexican oil sales to the international market¹ and to prevent it from purchasing oil equipment. They also carried out a campaign to discourage tourism to Mexico (SIGMUND,

¹ During that period, Mexico found relevant market alternatives in dealing with Germany, Italy and Japan (MEYER, LORENZO, 1972; WOOD, 1967).

1980; WOOD, 1967). But decisions on how to respond to the Cardenas action were not unanimous in the US government. Although they recognized since the beginning the sovereign right to expropriate, the companies were supported in their initial claims that Mexico should compensate immediately and that the whole issue should be submitted to international arbitration. For the companies, the preferred solution was the complete devolution of their properties and management over the Mexican oil industry, but this not being possible, they wanted an immediate compensation that included also a payment for the subsoil resources (MEYER, LORENZO, 1966). The subsoil question was at the heart of their controversy with the Mexican State since the proclamation of the 1917 Constitution².

But the Mexican government stood firm on its positions and eventually succeeded in refusing immediate compensation, paying for subsoil rights and international arbitration. After a bitter exchange of notes, by September 1938, the US government started to accept the Mexican formula suggesting the creation of a two-men commission to determine how much, how and when the companies would receive compensation. Nevertheless, most companies³, led by the Standard Oil, continued to reject that formula and stated clearly to the Department of the State that accepting compensation “based on confiscatory valuation” would sacrifice the principle of property rights and establish a negative precedent in the defense of foreign investments (WOOD, 1967, p. 254–255).

On November 19, 1941, the two governments announced an agreement on the general terms to settle the oil question, among other pending problems, as well as a set of cooperation accords, including financial assistance to Mexico from the US Treasury Department and the Export-Import Bank. Regarding the agreement over petroleum expropriations, the State Department lamented that negotiations with the largest US companies were fruitless⁴ (UNITED STATES OF AMERICA, 1941). Mexico made at that moment a cash deposit of \$9,000,000 and the formula to determine the value of the expropriated properties on which the total amount of compensation would basically be based on the Mexican suggestion that it should be set by a special commission appointed by both parties, avoiding external arbitration. As a result, on April 22, 1942, it was announced that Mexico should pay an

² For a full discussion on the changing regulatory framework for oil investments during the first decades of the twentieth century, see Berta Ulloa (1983).

³ Only the Sinclair Oil Company accepted an agreement with the Mexican government in 1940, in which they accepted \$8,500,000 in compensation (WOOD, 1967, p. 244).

⁴ The Standard Oil Company of New Jersey only accepted the deal on October 1943.

additional \$23,995,991⁵ (plus interest at the rate of 3% per year dating from March 18, 1938), from which \$18,391,641 corresponded to the Standard Oil of New Jersey group and \$3,589,158 to the Standard Oil of California group (UNITED STATES OF AMERICA, 1942). The alleged rights to compensation on subsoil resources were not recognized⁶ and it was established that Mexico should complete all payments in 1947. That way, the 10-year period established by the 1938 expropriation decree was almost fully respected.

Meanwhile in Bolivia, the March 13, 1937 *caducidad* decree signed by president David Toro, which forfeited Standard Oil's concession and assets in Bolivia on allegations of fraud and contractual breach, had suddenly brought to an end an era of mounting resentment towards, and frustrated high aspirations over, the New Jersey-based giant and its promises of abundant resources and development for the country. While the first registers of oil in Bolivian territory date to the 1880s, by 1937 the country hadn't yet achieved a commercially-consolidated oil production. In 1920, the country's oil sector was opened up for concession grants which were mostly dominated by US capitalists, and of which the concessions to William and Spruille Braden and to the Richmond Levering Company of New York would turn to be the most important as they would soon be transferred to and form the basis of Standard's presence in Bolivia (ALMARAZ, 1958; KLEIN, 1964; LOZA, 1939; SPENCER, 1996; WILKINS, 1974; WOOD, 1967). The Levering Contract, especially, would be the most consequential for later outcomes as its dispositions would give the basis for the 1937 decree and Standard's fate in the country.

That contract was signed into law under fierce right-wing nationalist pressure fearful of Big Oil and Yankee imperialist control, and thus incorporated strict regulations such as the explicit acceptance of the Calvo Proviso - which forbade recourse to foreign courts to settle divergences with the host country - and the possibility of legal cancellation of the contract with forfeiture of the controlled assets in case of contract non-compliance explicitly stated in its Article 18 (ALMARAZ, 1958, p. 76; KLEIN, 1964, p. 50). By June 1921, the new government of president Bautista Saavedra enacted a new petroleum law, which also

⁵ According to Noel Maurer (2011, p. 607) calculations, made to support the argument that the expropriated companies were more than fully compensated, the payments ultimately delivered by the Mexican government to US companies exceeded the amount agreed by almost \$6 million. In this article, Maurer is also presenting arguments against the assertion that the US government did not fully back the companies and that the Mexican oil workers benefited from the expropriation.

⁶ An estimate made by the US companies in 1938 calculated that the worth of their properties was about \$200,000,000 for the lands in which they had titles and \$60,000,000 corresponding to their investments on drilling and other equipment (WOOD, 1967, p. 203).

provided for the possibility of legal forfeiture in its Article 22, as well as it limited the maximum size of new concessions and established the State ownership of subsoil resources. Previously, in March that same year the Standard Oil Company had purchased the Levering, and later also the Braden concessions and applied to the Bolivian government for recognition of the transfer, and then for a modification of the Levering Contract which it would obtain on July 25, 1922. According to Klein (1964, p. 53), the company didn't petition for the abrogation of the original contract and the signing of a new one for fear of losing the area in excess of the 1921 legal limit, and although the new modified contract is generally considered to be more Standard-friendly compared to the original as it lowered taxes and relaxed some obligations (ALMARAZ, 1958, p. 83), being only a modification it maintained the validity of the forfeiture clauses from the original contract which would form the basis of the 1937 decree⁷ (KLEIN, 1964; LOZA, 1939; VALDIVIESO; SALAMANCA F., 1942).

Throughout the following years, Standard started exploration and the drilling of wells but never admitted to initiating commercial production in order to avoid the higher taxes due for that stage of production. Even though the contract explicitly stipulated deadlines for the initiation of such stage, succeeding presidents tried without success to force the company into production and the payment of related taxes. The outbreak of the Chaco War (1932-35), however, would definitively seal the company's fate in the country, as the war itself entered the popular imaginary as a dispute for alleged oil fields in the Chaco Boreal region coveted by Standard Oil and Royal Dutch Shell, which controlled the oil industries of Bolivia and Paraguay respectively. Although the claim has never been proved and historical evidences point to the role of Bolivian president Daniel Salamanca in escalating minor border conflicts into a full-fledged war to divert attention from the country's internal dire situation (DUNKERLEY, 2006, p. 207–208; KLEIN, 2003, p. 175–176; MESA; GISBERT; MESA GISBERT, 2008, p. 451–456; PELLEGRINI, 2016, p. 12), the Standard's non-cooperative stance towards the country during the war⁸, made it a major focus of discontent to the war's fiasco.

Then in 1935, the Argentinean Congress accused Standard Oil of having set up a clandestine oil pipeline from the Bolivian border which had been exporting oil illegally for a

⁷ In order to avoid any possible legal interpretation to the contrary, the Bolivian government even issued a decree on October 25, 1922 reaffirming the validity of state ownership of subsoil rights and the forfeiture clauses established in the 1921 law.

⁸ Which even caused the armed forces to occupy the company's installations and refineries to produce aviation gasoline which Standard claimed was not possible due to inexistent technical inadequacies.

decade. The company denied the illegal commercial exportation, but acknowledged the pipeline's existence between 1925 and 1926 and the shipment of some 704 tons of oil to Argentina to aid the exploration works on the Argentinean side of the border. After initial investigations led by both Bolivian and Argentinean commissions, President Tejada Sorzano started the suit for fraud against Standard that would ultimately lead to the expropriation decree of 1937 (HOLLAND, 1967, p. 213; KLEIN, 1964, p. 58; SPENCER, 1996, p. 100). After the war, the country's political situation was extremely unstable and the armed forces soon moved to take power in its hands and started the authoritarian-reformist period known as the Military Socialist Era. Colonel David Toro was installed as president in May, 1936 leading a coalition of young officer veterans and small left-wing civilian parties which depended fundamentally on the armed forces' backing and the moral ascendancy of war hero Germán Busch, who would ultimately take the reins of the process just a few months after Toro's confiscation decree (KLEIN, 1965, 1967). After much protest, Standard would file its defense on the Bolivian Supreme Court on the last day before the legal deadline for doing so, and about a year later, on March 8, 1939 the Supreme Court ruled unanimously that the company hadn't been legally constituted in the country and that its lawyer lacked proper accreditation, thus considering all its defense counter lawsuits against the government to be inadmissible. The ruling, although not delving into the veracity of the breach of contract claims, in practice judicially sealed the matter of the *caducidad* decree whose validity could not be questioned anymore. But the whole matter would only be finally settled with the 1942 agreement signed between the government of president Enrique Peñaranda and the Standard Oil Company of New Jersey in Rio de Janeiro, through which Bolivia acquiesced to paying Standard Oil US\$ 1.5 million plus interests for the voluntary purchase "of its rights, interests and properties in Bolivia [...] and likewise for the sale of its existing maps and geological studies" after which it should be regarded as "having terminated satisfactorily and amicably all the differences between the Bolivian Government and the companies" (cited in SPENCER, 1996, p. 166).

But in contrast to the generally positive appraisal of the Mexican expropriation process and settlement results, the reception to the Bolivian agreement with Standard Oil in 1942 has been mixed: while most international analysts who delved into the case such as Klein (1964), Wood (1967) or Holland (1967) tend to consider it as a successful case of local

diplomacy defending the country's interests⁹, local commentators such as Valdivieso and Salamanca (1942) tend to dismiss it as an unnecessary concession to international pressures or even to classify it as high national treason as does Almaraz (1958).

In general, those who consider the agreement to be an accomplishment of Bolivian diplomacy focus on the fact that, materially, it was quite satisfactory: throughout its tumultuous fifteen years in Bolivia, Standard had invested around US\$17 million in the country and had to agree to receiving slightly more than 10% of that sum¹⁰ in a purchase agreement that also included the cession of maps and geological studies deemed to be worth several times that amount (KLEIN, 1964, p. 71, footnote 74). Furthermore, it also enabled the signature of a long-term cooperation agreement with the US (HOLLAND, 1967, p. 389; SPENCER, 1996, p. 180–181; WOOD, 1967, p. 197–208), which is considered by them to be a desirable trade-off. But while in Mexico - being an expropriation decree - the payment of compensations had always been officially contemplated by the government, complete with the methods to determine the compensation amounts and the period to fulfill the payments, in Bolivia - being a forfeiture clause due to contractual breach - the official need for any negotiation itself was in question. It is precisely to this side of the matter that those who dismiss the agreement's signature as a step back on the country's oil nationalization normally cling. Since the forfeiture of the contract implied that all Standard's assets would turn to the Bolivian state, they claimed, there should be nothing else to compensate for. And, for the purposes of this study, our focus is not the oil nationalization itself but the extent to which the weakest side in a bilateral asymmetrical confrontation is able to successfully maintain its position when defying the interest of the strongest side.

The contrast to the Mexican case is augmented on the matter by the fact that the whole negotiation process followed the path (though reluctantly on the companies' part) officially laid from the start, but in Bolivia the government's official position after the 1937 decree and especially after the Supreme Court's ruling of 1939 was that no further issue remained between Bolivia and Standard, while informal attempts of negotiation to settle the conflict had been ongoing between the country and US diplomats since at least April, 1937 (HOLLAND, 1967, p. 224; SPENCER, 1996, p. 111–122; WOOD, 1967, p. 173). But still

⁹ Or at most, like Blasier (1972), a middle-of-the road compromise with grounds for satisfaction of all sides.

¹⁰ And this without considering the obvious depreciation of these 1942 US\$1,7 million as compared to US\$17 million invested in 1922-1937 US Dollars, which would make the comparison even more favorable when taken into account.

the settlement agreement was resisted and denounced by important actors, such as representatives of what would later become the Nationalistic Revolutionary Movement (MNR) (BLASIER, 1972, p. 33) or the Faculty of Law from Cochabamba University¹¹ (VALDIVIESO; SALAMANCA F., 1942) and the government had to face a subsequent motion of censure in parliament that only slightly failed to pass. For although the agreement's text did not explicitly question the 1937 decree's legal validity, in what it stated that the country would be buying all of Standard's "assets, rights and interests" with interests to be calculated since the issuance of the decree, couldn't it be considered that it was buying off something the company already legally didn't possess and in that sense be incoherent with the decree's full legal validity? Could the mismatch between Military Socialism's official anti-negotiation rhetoric and actual negotiating practice amount to a sort of half-hearted admission that they were indeed somehow backing-off from the decree's full implications if taken to the last consequences? And if so, what implications could there have arisen from this fact on the subsequent differences in trajectory from both countries' oil policies? In the next section we will show how the national political arenas in both countries differed in significant ways. We argue that this issue is to be taken in consideration when seeking for reasons why the Bolivian first oil nationalization presented such ambiguities.

III. Building or Dissolving a Domestic Coalition: the key for success?

Cardenas' election as president in 1934 can be seen as the continuation of the political stream governing Mexico since the 1920s as a result of the 1910-1917 revolutionary movement. Nevertheless, even if all presidents since the proclamation of the 1917 constitution exhibited "revolutionary" credentials, there were real and deep divisions between them and their social constituencies. But the Cardenas administration (1934-1940) was a successful broker of relevant political support and loyalties to enhance his more general political project and, in particular, the 1938 offensive to gain full control of the oil industry. In the first years of his term, he was able to weaken the resistance inside his own party and allied with urban and rural workers, eventually incorporating them as organic sections of the ruling party. Most of the military staff remained loyal to Cardenas and were efficient enough to completely suffocate the single local general that took arms against the government. Regarding specifically the expropriation episode, even prominent opposition groups

¹¹ Which had voluntarily provided the country's legal defense against the Standard Oil in the Supreme Court.

expressed support to that specific presidential move. The climate was so favorable to the expropriation that, during the 1940 presidential campaign, the main opposition candidate avoided the oil issue and preferred other themes to address his harsh critiques.

In this context, US diplomats understood that using force or more drastic economic sanctions to provoke the cancellation of the expropriation decree would probably create a longstanding and undesirable situation of instability just south of the US border. Ambassador Josephus Daniels clearly recognized it when, in a message to the secretary of State, he asserted that the expropriation was so widely supported in Mexico that there were “no power under the sun that could make Cardenas recede from his decree”. He then added that even oil people and other foreign investors see the inherent danger in conflict and social uprising “which they know full well would make impossible the collection of compensation of any kind for their property” (DANIELS, 1947, p. 238–239).

To a certain degree, it is understandable that, being the expropriation of the oil industry a policy that was in line with a broadly understood revolutionary program supported by a large set of political contenders in Mexico, the offensive against the foreign companies gained such a large support. In a sense, that decision was coherent with a longtime desired diminution of foreign investors’ influence in the national economy and an extensive program of land and labor reforms. But the path before the expropriation was not without important political challenges to Cardenas. The first one came from his own party, who was at the time of his inauguration in 1934 dominated by former President Plutarco Elias Calles. He had been in office from 1924 to 1928, but was still the dominant political leader in the country (MEDIN, 1982). Cardenas himself was appointed by Calles as presidential candidate for the National Revolutionary Party (PNR), therefore, it was widely expected that he would be one more of Calles’ puppets, just as had been the case with the men that officially occupied the chair of President between 1928 and 1934. But as soon as his first year in office, Cardenas made clear that he had completely other plans. The first clash with Calles came when the ex-President disapproved the friendly Cardenas approach to the strikes and movements led by urban workers unions. After rejecting the ex-president’s open critiques, he decided to fire Calles’ loyalists occupying government and military positions (HERNÁNDEZ CHÁVEZ, 1979). Calles himself eventually was accused of conspiracy and deported to the United States in April 1936 (MEDIN, 1982).

Having Calles out of the national political scene, candidates supporting Cardenas won 160 of 173 seats¹² in the legislative election of July, 1937. Meanwhile, different worker unions were encouraged by the government to form the Confederation of Mexican Workers (CTM) and the National Peasant Confederation (CNC). By the end of the Cardenas term in 1940, almost all organized workers pertained to one of those two big organizations, which implied that, following 1938, they were automatically affiliated to the ruling Party of the Mexican Revolution (PRM)¹³. Only a few relevant unions, such as those formed by the railway workers and electricians, kept themselves independent (HERNÁNDEZ CHÁVEZ, 1979), even if that did not necessarily mean to be in opposition to the government.

The most relevant political challenge Cardenas faced in the domestic realm linked to the oil question came from an agrarian warlord with a strong political basis in the state of San Luiz Potosi. Two months after the expropriation, General Saturnino Cedillo, who had presidential ambitions, rose up in arms against the government for considering it to be too radical. He controlled local militias and sought, without any documented success, the support of the foreign oil companies (GILLY, 2001; MEYER, LORENZO, 1972; WOOD, 1967). The rebellion was defeated the next year and Cedillo himself was killed during his struggles against the federal army (HERNÁNDEZ CHÁVEZ, 1979).

Beyond the forces that backed the government in a broad sense, the expropriation gained support even among prominent opposition social sectors. The Catholic Church, who less than a decade before promoted an armed rebellion against the government's secularizing policies and during the Cardenas days opposed education directives (MEYER, JEAN, 2009), offered explicit support to popular fund-raising campaigns to help pay a compensation for the companies. Indeed, most observers, the US ambassador among them, were astonished during the first anniversary of the expropriation after seeing political banners pending from the Metropolitan Cathedral towers in Mexico City supporting Cardenas and his party (DANIELS, 1947, p. 254). Similarly, students, scholars and authorities from the National Autonomous University of Mexico (UNAM), who intensively resisted the policies affecting higher

¹² See "Mexico: Elections" In: Time, July 19, 1937. Available in: <http://www.time.com/time/magazine/article/0,9171,882749,00.html#ixzz1WNg6Ty00> Consulted: 27/08/2011.

¹³ The party was founded in 1929 by Plutarco Elias Calles as the National Revolutionary Party (PNR) and with the purpose of ending with endemic fragmentation and dispute among different revolutionary factions. The reorganization of the party in 1938 implied not only a new name (Party of the Mexican Revolution) but also that most of workers' organizations would now be submitted to a single party framework controlled by the President (GARRIDO, 1982).

education (GONZÁLEZ, 1979), expressed on the streets of Mexico City their vivid support to the oil expropriation (DANIELS, 1947, p. 246).

Business peak organizations, such as the Confederation of the National Chambers of Commerce (Concanaco), worried about what they saw as an excessive interventionism in government oil policies, but did not take concrete actions to oppose that decision. In public, the Concanaco bulletin avoided direct criticism toward the expropriation. Indeed, they recognized that the measure had a widespread support from different social sectors and that Cardenas had to be praised for saving the “national honor” by warranting compensation to the companies¹⁴.

Cardenas was then able to consolidate a broad coalition behind his political project and, in the expropriation critical juncture, even opposition sectors offered support or accepted passively the ongoing process. When more radical opponents took action, as in the case of Cedillo’s armed revolt, Cardenas could stifle it efficiently. Under those circumstances, the space for an effective foreign intervention to cancel or neutralize oil Mexican policies were reduced.

But in contrast to Mexico, when Peñaranda requested legal authorization from the Bolivian Congress to negotiate the settlement in March, 1941 and after it was signed in January, 1942, relevant political actors opposed the move claiming as far as that it represented national treason. But despite the early official rhetoric an agreement to settle the issue had been in consideration already since Toro (HOLLAND, 1967, p. 224) and continued under Busch’s administration (SPENCER, 1996, p. 137–138), so long as the company didn’t insist on questioning the legal validity of the confiscation decree. According to the diplomatic dispatch sent from the Embassy in La Paz on February 1st, 1938, the Bolivian government had met with Standard Oil representatives to negotiate, admitting some kind of compensation payment to end the issue with the company, but only if the “complete legal validity of the decree of March 13, 1937” (cited in WOOD, 1967, p. 176) was not touched, which made the company unwilling to compromise at that point (see also HOLLAND, 1967, p. 271–272).

Still before Standard had filed its defense on the Supreme Court, US Under-Secretary of State, Sumner Welles, suggested an international arbitration process to Bolivian ambassador Fernando Guachalla, to which he signaled positively, but that was not accepted

¹⁴ See: “Oportuna defensa del honor nacional”. Carta Semanal de la Confederación de Cámaras Nacionales de Comercio e Industria, V. II, n.63, March 26, 1938.

by the government and throughout the year it took the Court to decide, several other attempts at reaching an informal settlement were carried out to no avail (WOOD, 1967, p. 177–180), and several more were attempted after the ruling almost up until the eve of Busch’s suicide on August, 1939 (HOLLAND, 1967, p. 273–274; SPENCER, 1996, p. 144–145).

It seems, then, that considering the negotiation process a treason to the legacy of Military Socialism as the Peñaranda opposition and later analysts such as Almaraz (1958) claimed would be highly exaggerated since it was actually in line with that regime’s conduct. And General Carlos Quintanilla, who became provisional president after Busch’s death and publicly declared he would continue his predecessor’s policies, also kept those negotiations going. With the bottom-line of not accepting any reconsideration of the legal case, Quintanilla had gone as far as accepting the concept of *lucro cesante* (prospective profits) from Standard’s expected future exploitation of subsoil resources in the calculation of the amount to be paid as settlement in February 1940, but the company backed-off demanding that the settlement consider its alleged full rights over subsoil resources (SPENCER, 1996, p. 152). So when we look at the final settlement, it seems clear enough that the company had to back-off considerably more than Bolivia regarding what was originally demanded and/or accepted by the other part of the conflict at earlier points of the conflict, with analysts such as Klein (1969, p. 346) claiming it represented in essence “a complete victory for the Bolivian legal position on the confiscation issue”.

But still, all the zig-zagging and apparent contradictions between the official rhetoric and the various negotiation attempts contrast to the much more coherent Mexican process, where the initial guidelines seem to have been maintained all the way through and in accordance with the related public statements from the authorities. But then, the internal political situation of both countries seem to be also in great contrast and could help explain the stronger overall coherence of the Mexican process and its end results.

In many senses a ragtag coalition guided more by the moral outrage towards the oligarchic system that had led the country to a bloody fiasco in the Chaco than by a coherent programmatic set of reforms, the Military Socialism experiment inaugurated by the Toro government proceeded by trial and error in many arenas and with severe power disputes between the parties in its support base, which made the army side of the coalition increasingly uneasy with the unexpected political difficulties. Originally, the new regime was sustained by the young officers and veterans from the Chaco, the middle-class reform-

oriented Socialist Party led by Toro's first foreign minister Enrique Baldivieso, and the newly rebranded Socialist Republicans led by former president Bautista Saavedra (KLEIN, 1969, p. 228). The regime was also supported on the fringes by trade unions and small marxist-oriented groups that for a while clustered around Toro's first Minister of Labor Waldo Alvarez (KLEIN, 1965, p. 38, 1969, p. 236–237) and even the traditional right-wing parties (Liberal and Genuine Republican parties) initially announced their acquiescence to the new regime (KLEIN, 1969, p. 231).

Though the army's key figure was the war hero and Chief of the General Staff of the Armed Forces Lieutenant-Colonel Germán Busch, his self-admitted lack of intellectual refinement led him to appoint Colonel Toro as president after the coup that ousted Tejada Sorzano on May, 1936 (KLEIN, 1965, p. 32, 1967, p. 167, 1969, p. 229–230). But Busch - and with him the army - became increasingly weary of the infighting among Baldivieso's Socialists and Saavedra's Republican Socialists who accused each other's groups of being respectively conservatives and communists in disguise. Thus, the key figure in the shadows soon proceeded to carry on an internal coup in June 21 and oust the political parties from the coalition and place control more firmly in the Armed Forces' hands (KLEIN, 1965, p. 38–39, 1967, p. 167–168, 1969, p. 238; SPENCER, 1996, p. 103).

In order to placate the army's desire for results, Toro then proceeded to issue a great set of important legislative reforms in healthcare, labor and civil rights, the tax system and which also included the oil sector¹⁵, which prompted attacks by the right-wing organized around tin magnate Carlos Aramayo's new Centralist Party (KLEIN, 1965, p. 45) and eventually prompted the substitution of Alvarez for Javier Paz Campero, a leading lawyer for the Hochschild mining conglomerate and member of the traditional oligarchy in the Labor Ministry. But Busch's impatience with the erratic pace of social change continued to grow, however, and he resigned from the General Staff in early march, but was convinced to stay by all the officers which signaled to Toro that he would have to take more definitive measures in order to remain president (KLEIN, 1965, p. 49; SPENCER, 1996, p. 109). Thus, he quickly moved against Standard Oil in order to revive his support and decreed the cancellation of the company's contract and the forfeiture of its assets for contractual violation, bringing to a close the litigation opened two years prior by Tejada Sorzano (ALMARAIZ, 1958, p. 114–

¹⁵ The reforms in this sector included a July, 1936 decree cancelling all concessions not currently being developed, a new Petroleum Law in October, the legal foundation of state oil company YPF in December and the creation in January, 1937 of a fiscal reserve under its control from the previously cancelled concessions.

115; HOLLAND, 1967, p. 214–215; KLEIN, 1964, p. 63, 1965, p. 49; SPENCER, 1996, p. 112).

Toro then tried to organize a more stable and autonomous base of support by April, 1937 with initiatives to create an official State Socialist Party (PSE). With cabinet members being sent across the country to set up local committees and the adhesion of former Baldvieso Socialists, the PSE already had an embryonic national committee by mid-May and by June Bolivia's first national labor confederation CSTB was seriously considering bringing organized labor into the fold. But in contrast to Cárdenas' much more successful initiatives to secure his command in Mexico, the PSE effort was to be stillborn, as Busch would move on July 10 to take the presidency on its own hands (KLEIN, 1965, p. 50–51, 1967, p. 168, 1969, p. 263–266).

While at first some speculated that the coup could have been financed by Standard's interests and might represent a reversal of policy due to the popularity that measure had conferred to Toro, Busch assured in his official pronouncements that his government would continue and deepen the legacy of Military Socialism and publicly denied the day after he took the presidency that he had received any backing from Standard Oil (KLEIN, 1964, p. 66, 1967, p. 169, 1969, p. 267). But while he kept the general reformist mood, he saw the national reconstruction more in terms of a "moral reawakening" than the concrete implications of determinate sets of policies and reforms (KLEIN, 1967, p. 172). Like Toro, he would also eventually try to establish a State-sponsored Socialist Party, but with a lack of commitment that would bewilder and disappoint his supporters (KLEIN, 1967, p. 173–4), while the pre-Chaco War parties regrouped under the name of *Concordancia* and issued a reactionary manifesto calling for a virtual reversal to the status quo ante (KLEIN, 1967, p. 174–175, 1969, p. 305–306). Exasperated by the lack of progress despite his voluntarist attempts and the growing internal dissent, Busch conducted yet another internal coup announcing on April 1939 he would hence govern as dictator. But he still lacked a general idea over what to do and how things worked and after his June failed initiative to control the foreign earnings of the three tin magnates through the Central Bank, he committed suicide on August 23 (KLEIN, 1967, p. 183).

Though provisional president General Carlos Quintanilla promised to continue his predecessor's policies, the Military Socialist experiment had effectively ended and his was a restoration government closely supported by the *Concordancia* that paved the way to a

returned influence of the old oligarchies (KLEIN, 1969). And as mentioned, Quintanilla was to offer the most Standard-friendly agreement of the whole conflict, even offering to pay for the company's prospective profits - to no avail. But while the company insisted on having the full backing of the US Government, and although the State Department had an important role mediating the exchange of settlement proposals, the Department's official position was that of neutrality. And due to concerns that a more aggressive stance might thwart the US "Good Neighbor Policy" towards Latin America and hinder alliances and preparations for World War II, it became increasingly predisposed to accepting any minimal compensation as a valid settlement to end the issue, even to the detriment of Standard's aspirations regarding the matter (KRASNER, 1978; SPENCER, 1996; WOOD, 1967). Thus, when Enrique Peñaranda was sworn into the presidency on April 15, 1940 the State Department had already been trying to bait Bolivia into a stronger alliance through economic cooperation offers, wishing to secure access to Bolivian natural resources and to stave-off the increased penetration of German, Italian and Japanese economic interests. While at first the cooperation offers tended to put the solution of the Standard Oil issue as a prerequisite for cooperation (see SPENCER, 1996, p. 150 and 154) , the US became increasingly impatient with the company's stance and fearful that a protracted conflict could land capital-needy Bolivia into an alliance with the Axis' powers and compromise the American war effort. By June 1940, a memorandum written by head of the State Department's Latin American Division Laurence Duggan stated how the Standard issue was becoming a problem for the US foreign policy and suggested watering-down the tone of exigency of a settlement prior to the disbursement of cooperation funds. Fearful that stating it as a sine qua non for cooperation might be read by the Bolivian government and used by the opposition as confirmation of imperialistic intervention in favor of the company, Duggan proposed that the oil issue should be considered "a matter of good faith and mutual confidence based squarely upon other advantages which both parties desire and are willing to work for" amid a long-term strategic cooperation program, but not a rigid precondition in the face of bigger things (WOOD, 1967, p. 190–191).

Aware of the possibility of the US cooperation package and needing foreign capital to invest in agriculture, transportation and the expansion of the Bolivian oil industry, president Peñaranda was eager to come near the US in order to receive such funds. According to Spencer (SPENCER, 1996, p. 155–156), between June and November, 1940 the Bolivian government and US officials successfully negotiated an agreement to sell an established

yearly amount of tin and other minerals and also the sending of a mission to survey land for a railroad connecting Bolivia to Chile and Brazil, showing that the country was willing to cooperate in some areas prior to solving Standard's issue, while still officially hinting that further loans could require such a resolution (see also HOLLAND, 1967, p. 309–310).

Having fought in the Chaco, Peñaranda had been elected with the full support of the *Concordancia*, but also of the moderate left formerly grouped under Baldivieso's socialists and which would soon become the MNR and which believed the General could revive the Military Socialist experiment. But the Marxist left grouped under the new Revolutionary Left Party (PIR) had a strong presence in a Parliament, where it was soon joined in its oppositional stance by this MNR after growing increasingly disappointed with Peñaranda's administration. Together, both groups controlled the House of Representatives, while the *Concordancia* held a majority in the Senate (KLEIN, 1969, p. 332).

In December, 1940, the president requested from the Bolivian Congress authorization to negotiate a final settlement directly with the company in which the government's no-go line would be the refusal to reinstate Standard's properties in Bolivia, to accept any kind of international arbitration and to question the validity of the 1937 decree. The request was authorized by the Senate, but met with fierce criticism inside the House of Representatives, where an important group of congressmen from the above mentioned groups claimed there was nothing further to negotiate and that negotiating would represent a treason to the legacy of the Chaco generation. The government's position was that it was keeping the line followed since Busch on the matter, and that a settlement agreement would remove obstacles imposed over the US administration to an enhanced cooperation and much needed cooperation with the country (see VALDIVIESO; SALAMANCA F., 1942, p. 113–173 for a transcript of the debates in the House), but the House adjourned and entered a long recess without deliberating on the matter on April 30, 1941 (WOOD, 1967, p. 192). The US bait strategy was still going, however, and afforded the signing of a small lend-lease package of credits and military matériel still in April, 1941 while in May, the US Ambassador in La Paz, Douglas Jenkins, recommended his government to disburse more loans prior to the oil settlement, fearful that delays could bolster the pro-Nazi sectors in Bolivian society (HOLLAND, 1967, p. 313–315; SPENCER, 1996, p. 160–161; WOOD, 1967, p. 195). In August, 1941 the US announced the possibility of sending a technical mission to outline further possibilities of cooperation and in

September began negotiating what would become known as the Bohan Mission¹⁶, which finally arrived in December that year (HOLLAND, 1967, p. 321–322; WOOD, 1967, p. 196).

Meanwhile, the State Department's patience with the Standard Oil's stance was diminishing, as the company refused to directly negotiate a settlement with the Bolivian government, insisting that the negotiation should be between Bolivia and the US, and that it should involve an international arbitration rejected by Bolivia. Considering that the Standard Oil issue was standing in the way of grander policy objectives, the State Department increasingly began to pressure the company to enter into negotiations and to explicitly state an amount considered adequate to settle the issue, with Under-Secretary of State Sumner Welles declaring to Standard's president W. S. Farish that the "burden of cooperation for a settlement now rested with the [...] Company" (SPENCER, 1996, p. 156; WOOD, 1967, p. 192). By the beginnings of 1942, Standard had finally yielded to the State Department's pressure and acquiesced into signing a minimal settlement agreement involving the payment of a fixed amount in order to end the dispute and while communicating that they expected about US\$ 3 million in compensation, they would leave "the determination of the final amount to Mr. Welles" (SPENCER, 1996, p. 165; WOOD, 1967, p. 197). Thus, the path was finally open for the settlement agreement, and although the authorization request for negotiation had not been formally approved and that it had raised strong criticism towards the presidency and even threats of a coup (SPENCER, 1996, p. 159), president Peñaranda authorized his foreign minister, Anze Matienzo, to negotiate a settlement during the Inter-American Conference summoned in Rio de Janeiro in January, 1942. The idea was precisely to circumvent the internal opposition and present the agreement as a *fait accompli*, which was made through its signing on January 27, official publishing as supreme decree on February 24 and the payment of the agreed amount on April 22, 1942, all before Congress reconvened in August that year (SPENCER, 1996, p. 166–169; WOOD, 1967, p. 197–200). Although there are reports stating that the agreement was met with enthusiasm by the Bolivian public due to the bold economic cooperation it was perceived to allow¹⁷ (see SPENCER, 1996, p. 168; and WOOD, 1967, p. 198), the legislative opposition to Peñaranda proposed - and slightly failed to approve - a censure motion in November, 1942 (WOOD, 1967, p. 200) and in a little more

¹⁶ After the name of mission's head, economist Merwin Bohan.

¹⁷ The following day, January, 28, both countries signed a memorandum whereby the United States - through the Export-Import Bank - would extend a line of credits to Bolivia in order to finance the projects recommended by the Bohan Mission (HOLLAND, 1967, p. 388–389; SPENCER, 1996, p. 181; WOOD, 1967, p. 197–200).

than one year, the president would be ousted in a military coup that put Major Gualberto Villarroel in the presidency¹⁸.

Whatever anti-Standard internal coalition that could have been built to support the Bolivian stance during the negotiation process splintered during the five years between Toro's decree and Peñaranda's settlement agreement. Unlike Mexico, during the period Bolivia had four different presidents - all of them men of arms, although the last one came to power through general elections - who governed for an average of only 692 days¹⁹ under different statuses - constitutional, provisional, dictatorial, with or without an empowered Congress etc. - and with different and contradictory ideological projects. Adding to that, and also in contrast to the Mexican case, the lack of an explicit and coherent program towards the oil nationalization and its aftermath by their initiators under Military Socialism also made it difficult to sustain a support coalition for so long even if the final agreement did not stray so much from some of the first steps taken. Especially when the initial official rhetoric seems to have been more triumphalist in its early public refusals of any kind of negotiation than the actual deeds taken on the background, accusations of betrayal were not that far-fetched to be made in an increasingly polarized context such as was Bolivia at the time. And the country's instability and political turmoil were to continue after Peñaranda, as Villarroel himself would be toppled and lynched by an angry mob in 1946 and a series of short-lived governments succeeded each other for the next six years until the 1952 National Revolution put Victor Paz Estenssoro and the MNR in the presidency. Ironically, it would be Paz Estenssoro - one of the most vocal and radical critics of Peñaranda's agreement - who would sign into law a major overhaul of the country's oil policies with the Davenport Code of 1955 that opened up the sector again to foreign companies in very favorable terms. The sector soon became dominated by another US firm (Gulf Oil) and would be nationalized again in 1969 under yet another brief left-wing oriented military government (KAUP, 2015; KLEIN, 1964; KLEIN; PERES-CAJÍAS, 2014; RADMANN, 1972).

Final Remarks

¹⁸ Although not immediately connected to the Standard issue, as the December, 1942 massacre of unarmed miners in Cataví after the army had been sent to deal with a worker's strike had risen as the biggest battle cry against the weakened Peñaranda administration.

¹⁹ Toro's presidency lasted 417 days, while Busch was president for 771 days and Quintanilla for only 236. Peñaranda's rule was the longest with 1344 days (data from MESA GISBERT, 2006, p. 254).

We have analyzed the historical experiences of oil nationalization in Bolivia and Mexico in the 1930s in a comparative perspective as a mean to explore significant features of asymmetrical non-violent disputes in international politics. Relying mostly on existing historiographical accounts, we not only crafted a revision of the processes of nationalization and its implications for bilateral relations with the United States, but we also paid attention to how relevant domestic political actors behaved in order to support, or not, the defying move from the Executive branch toward stronger foreign interests. As a result, we found that some prominent arguments in the International Relations literature about the circumstances under which the weak can achieve relative success when confronting foreign powers have empirical support in the cases we studied. And, most important, we showed that, at the level of domestic politics, there is a stark contrast in the strength and scope of the coalitions that were behind the defying policy. While in Mexico we saw a broad and heterogeneous coalition supporting the Cardenas oil policy, in Bolivia we observed a much more fragmented and unstable scenario in which the initial strength in favor of the Toro forfeiture decree and its implications against the Standard Oil Company were lost. We contend that this aspect of the overall political process of asymmetrical bilateral confrontations should also be taken into consideration to understand its outcome. In other words, the Mexican government was able to expropriate foreign companies in its own terms, not only because of favorable conditions found in the international environment, but also because of the strength and scope of its domestic coalition. In contrast, the anti-standardist coalition in Bolivia was unable to maintain control over the Presidency and ended up considering the agreement reached with the Standard Oil as a step back.

At the international level, the imminent engagement of the United States in World War II, along with the general principles of the Good Neighbor policy, increased the already weak incentives of the Roosevelt administration to give unconditional support to foreign oil companies in their struggles with Latin-American governments. That is consistent with well-known propositions stressing the role of contextual dynamics and interactions to understand the way in which material aspects of power are translated in actual influence and favorable outcomes in asymmetrical confrontations (BALDWIN, 1979; GOERTZ, 1994; KEOHANE; NYE, 1977; SINGER, 1963). Also, if we consider that in the building of an inter-American coalition to support the war effort in the 1940s Roosevelt saw the need to maintain good relations with the Latin American republics and that, as a precondition, contentious bilateral

issues should be resolved to the relative satisfaction of the latter, it is possible to identify there an early manifestation of the strategic self-restrain move John Ikenberry (1998) described as one of the central elements that made possible the effective US hegemony in the post-World War II international order. This is also consistent with David Lake's (2009) assertions on the dynamics of hierarchy in international relations: on the one hand, dominant states accept to restrain the use of superior capabilities against the weak in order to assure the legitimacy of a hierarchical order, but on the other hand, subordinate states may eventually dispute the nature of that order, the distribution of its benefits and the assumed limitations to their sovereignty. Our study also provides empirical basis to Alexander Cooley and Hendrik Spruyt (2009) statements on the expected favorable bargaining powers for the holders of the residual rights in cases of sovereign control over natural resources.

But all these conditions were present and valid for both Bolivia and Mexico in the 1937 - 1942 period. That circumstance is precisely what allows us to conduct our study as a most similar system design approach. This way, the simultaneity of both processes, the identity of the main affected foreign oil company and its respective government, along with the global war context, can be considered as relevant causal conditions held constant for both cases. With this vantage point, we can focus on how other possibly necessary conditions operate, such as having a broad and heterogeneous coalition supporting national leaders in their challenge to stronger foreign international powers.

At that level, our study observed significant contrasts in both cases regarding the stability of power holding in the Executive branch and the extent to which the defying bid in facing up stronger foreign interests were supported by a consistent, broad coalition that includes segments of opposition groups willing to sustain the current government on this particular issue. In the Mexican case, two presidents from the same party, Lazaro Cardenas and Manuel Avila Camacho, were involved in that critical juncture with no significant differences regarding the way they conducted negotiations with both the companies and the US government. In the Bolivian case, the five-year period between the forfeiture decree of 1937 and the 1942 agreement with the Standard Oil Company encompasses four presidential mandates that were all considerably ephemeral, came to power through different channels, responded to different and changing sets of social and institutional restraints and did not follow one same overall coherent ideology, but were rather heterogeneous among one another.. Regarding the strength of an anti-foreign oil companies' coalition among domestic

actors, the ability of the Mexican leaders to gain consensus among a very diverse set of social and political segments contrasted with the Bolivian fragmentation and instability that eventually produced the internally contested 1942 settlement with Standard Oil. From a retrospective point of view, one can say that a significant part of Cardenas' decisions and achievements paved the way for the long path of stability in the power structures that characterized Mexican politics for decades afterwards. Considering specifically the oil question, the essentials of the reorganization of the industry in ways that avoided the presence of the biggest foreign oil companies were maintained until very recently, after reforms approved under Peña Nieto's presidency in 2013. Bolivia, on the other hand, started its nationalization process during the beginning of a hotly contested period in which the old order was crumbling without a clear picture of what would come next. As mentioned, such period would last for a decade longer after the settlement agreement with Standard Oil and even beyond, extending in many ways into Bolivia's "uncompleted revolution" (MALLOY, 1970) of 1952.

| | Bolivia, 1937-1942 | México, 1938-1942 |
|---------------------------------------|--|--------------------------|
| Legal Figure for expropriation | Forfeiture Decree for Contractual Breach | Expropriation Decree |
| Expropriation Decree | March 13, 1937 | March 18, 1938 |
| Settlement Agreement | January 1942 | November 1941 |

| | | |
|-------------------------------------|---|---|
| Executive Branch | <p>4 presidents: David Toro (1937-38) German Busch (1938-39) Carlos Quintanilla (1939-40) Peñaranda (1940-43)</p> | <p>2 presidents Lázaro Cárdenas (1934-40) Ávila Camacho (1940-46)</p> |
| Directives for Negotiation | <p>Not formally established, mixed official pronouncements</p> | <p>Expropriation Decree established 10-year period for payment of compensations</p> |
| Amount Paid in Compensation | <p>US\$1,5 million (+interests)</p> | <p>US\$24 million (+interests) (US\$18 million for Standard Oil only)</p> |
| Latter Oil Policy Trajectory | <p>1955 – Pro-market Davenport Code reopens up sector to foreign firms 1969 – Nationalization of Gulf Oil and abrogation of Davenport Code 1972 – Petroleum Law allowing YPFB to sign contracts with private companies 1996 – Privatization of Oil Sector to foreign companies 2006 – New nationalization, reestablishment of YPFB as operator with possible association to private companies</p> | <p>1958 – New oil statutory law establishes state monopoly in the oil sector 2013 – End of state monopoly on oil</p> |

Theoretical efforts to better understand how similar units of the international system behave differently and get contrasting outcomes when confronted to similar international situations had already stressed the need to turn the attention to what happens in domestic politics (ROSE, 1998). Nevertheless, they often limit their observations to the preferences of key decision-makers, letting aside the political configurations and processes that allow political elites and governments to strengthen its positions within the domestic political arena. Our ultimate purpose is to shed light not only to what the government officials want when confronting stronger foreign powers, but also to the extent that those nationalistic bids are supported or opposed by relevant segments of political actors and society. Having showed that contrasting outcomes in the Bolivian and Mexican cases of asymmetrical bilateral non-violent disputes in the 1930s seem connected with contrasting abilities to build a broad and heterogeneous domestic coalition in the domestic political arena is of course not a sufficient empirical basis to support a general proposition. We believe instead that it deserves serious consideration as a hypothesis to be tested and verified in light of a broader set of cases, historical circumstances and issue-areas.

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