

End of the Concessionary Regime in Mexico

By Mario Pulido

On March 18, 1938, President of Mexico Lazaro Cardenas formally announced his Expropriation Act, expropriating the property of several oil concessions in Mexico. Among the companies that were expropriated were Standard Oil of New Jersey, Mexican Eagle, and Royal Dutch Shell. This thesis will address questions regarding what caused this change, what was predicted to happen, what actually happened, what the consequences were for Mexican foreign relations, and in the aftermath of the nationalization, asking if it was a general success. I argue that the main reason that caused the nationalization was the mistreatment of the Mexican oil workers by foreign oil companies. I move on to discuss that shortly after the nationalization, Mexico was predicted to collapse by the companies that were expropriated. Instead, Mexico saw prosperity from catering to its own domestic market and providing a new national identity with its then new state-owned oil company, Pemex, which stemmed from a sense of economic freedom and liberation. I also argue that Mexican foreign relations were embittered, but restored shortly after 1941 with World War II inevitably approaching. Finally, I argue that despite the embitterment the nationalization initially caused, it was a general success. Here, I define that success was achieved by kicking out foreign oil interests that were mistreating and underpaying Mexican oil workers.