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Marcelo Bucheli. "Negotiating under the Monroe Doctrine: Weetman Pearson and the Origins of U.S. Control of Colombian Oil." *Business History Review* 82:3 (Autumn 2008): 529-553.

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Review by **Dustin Walcher**, Southern Oregon University

Throughout the twentieth century, policymakers and business leaders from Great Britain and the United States sought access to the world's petroleum. Unsurprisingly, their efforts have attracted and sustained the attention of international historians. Scholars have analyzed the public-private partnerships forged to exploit the economically valuable and strategically significant commodity. They have examined the geostrategic significance of the quest for petroleum. And they have explored nationalist opposition to foreign domination of oil within petroleum producing countries. Indeed, much scholarly attention concentrates upon moments of crisis in which popular economic nationalism directed against transnational petroleum companies led states to expropriate their property – as occurred most dramatically in Mexico in 1938, and in Iran in 1951.[1] Marcelo Bucheli wades into this dense assortment of issues with his article, "Negotiating Under the Monroe Doctrine," and ultimately provides a perceptive addition to the broader literature on oil and international affairs.

Bucheli examines the unsuccessful effort of a British corporation – Pearson and Son – to secure an extensive oil concession in Colombia between February and November 1913. In this case, a powerful transnational corporation whose investors included members of the British parliament was unable to conclude a contract with the Colombian government,

[1] The literature on oil and U.S. foreign policy is extensive. For some important examples, see Daniel Yergin, *The Prize: The Epic Quest for Oil, Money & Power* (New York: Simon & Schuster, 1993); David S. Painter, *Oil and the American Century: The Political Economy of U.S. Foreign Oil Policy, 1941-1954* (Baltimore: Johns Hopkins University Press, 1986); Stephen Rabe, *The Road to OPEC: U.S. Relations with Venezuela, 1919-1976* (Austin: University of Texas Press, 1982); Linda B. Hall, *Oil, Banks, and Politics: The United States and Postrevolutionary Mexico, 1917-1924* (Austin: University of Texas Press, 1995); Mary Ann Heiss, *Empire and Nationhood: The United States, Great Britain, and Iranian Oil, 1950-1954* (New York: Columbia University Press, 1997).

despite making significant concessions meant to assuage Colombian nationalism during the course of the negotiations. This article seeks to explain why.

Bucheli answers that "the negotiations [between Pearson and the Colombian government] collapsed because of three factors: the company's inadequate understanding of Colombia's historical relations with the United States; its underestimation of the Americans' resolve to keep Pearson out of 'U.S.' territory; and a shortsighted British policy of protecting national investments abroad" (530). The international context was critical, argues Bucheli, and Pearson failed because it "miscalculated regional power dynamics" (553).

Colombian nationalism serves as a significant theme throughout the article. Bucheli observes that, "[t]he loss of Panama strongly determined the subsequent direction of Colombia's politics and shaped its national identity" (532). Having suffered the indignity of territorial loss as a consequence of U.S. machinations in 1903, many Colombians were reluctant to grant a transnational corporation from a great power a major concession. To do so would seemingly invite outside intrigue in Colombian affairs. Consequently, Pearson raised a great deal of critical attention when it offered only a modest flat fee in exchange for exclusive oil development rights over 100,000 square kilometers of territory. Bucheli's careful attention to the debate over the Pearson contract within the Colombian political system stands among his article's most important contributions, despite the notable absence of Colombian primary sources. By mining the English and Spanish language secondary literature, in addition to Pearson's corporate records, Bucheli explains the strategies of both liberal and conservative politicians, and he analyzes the political roles played by leaders of interest groups such as the Catholic Church. Each sought to press their own political advantage, and to facilitate national infrastructure and natural resource development (assuming that they received credit without appearing to compromise national sovereignty in the process).

However, it is not clear that Bucheli gives Pearson's representatives enough credit for having recognized the challenge of Colombian nationalism. "Members of the Pearson team," he argues, "managed to engage the local pressure groups that constrained the government's power, but they underestimated the strength of the historical relations between the United States and Colombia. For this reason, British negotiators interpreted Colombian sensitivities surrounding national sovereignty as simple weakness, and thus they never adequately engaged with the United States" (530-531). Here it is important to distinguish between Pearson negotiators and the British government. For its part, the company made concessions designed to assuage Colombian nationalism. Pearson reduced its territorial request to 10,000 square kilometers, offered to register as a Colombian company (in an effort to assure Colombians that the British government would not serve as an advocate for Pearson at some later date), and agreed to pay Colombia a percentage of profits on oil extracted in place of a flat fee (543, 549).

Pearson's engagement with the United States was certainly inadequate to its cause, and Bucheli assigns the Woodrow Wilson administration substantial responsibility for foiling Pearson's efforts. Indeed, the company's negotiators underestimated Wilson's determination to obstruct the company's access to Colombian oil. U.S. intransigence sprang from Pearson's close association with the Victoriano Huerta government in Mexico that Wilson condemned as immoral. In this sense, Pearson "miscalculated the regional power dynamics" (553) by failing to comprehend the consequences of the ascent of U.S. power in the region, compared to Great Britain's relative decline. Moreover, despite the U.S. role in the Panamanian Revolution, Wilson administration officials were able to argue convincingly that a healthy bilateral relationship offered Colombia valuable opportunities for economic growth and development over the long term. It was no small irony that a British firm paid the price for Theodore Roosevelt's big stick diplomacy while a U.S. company – Standard Oil of New Jersey – later secured access to the Colombian oilfields. Jersey Standard owed its success to the U.S. government; federal officials negotiated reparation payments with Colombia for the loss of Panama, improving the bilateral relationship and with it the business climate for American firms.

Finally, Bucheli convincingly argues that by aggressively advocating on behalf of all British companies and citizens, regardless of the merits of their individual grievances, the country's diplomats undermined Pearson's efforts. British officials were less nimble than the company's negotiators in responding to the constraints of Colombian nationalism. For example, the Foreign Office pressured the Colombian government to honor a contract of marginal significance with the Great Central Northern Railway, a nominally British company that nonetheless lacked a single British investor. It also protested a jail sentence imposed on a British citizen who wounded a Colombian during a drunken bar fight. In light of the forceful British response to these relatively minor incidents, Colombian officials understandably feared the implications of signing an expansive contract with a prominent and politically well-connected British company (548-549).

The article's most notable weakness lies in its underdeveloped analysis of the Anglo-American rivalry. Bucheli accurately concludes that "[t]he Pearson case highlights the shifting roles of two empires: one was consolidating its position in the hemisphere (the United States), and the other was reluctantly having to accept a secondary role in the region (Great Britain)" (553). He further argues that "[t]he negotiations between Pearson and the Colombian government can only be understood in the context of the economic and political expansion of the United States and Great Britain" (531). That analysis is sound as far as it goes. However, I would like to know the extent to which the protagonists were motivated by this larger context of imperial rivalry when acting on Pearson's Colombian contract. On the basis of Bucheli's evidence, U.S. officials appear to have objected to the contract primarily on the basis of the company's relationship with Huerta, and not because Pearson competed with U.S. firms or because the company's presence enhanced British power in the Caribbean Basin. Was the Pearson case merely representative of the changing fortunes of two empires in the Caribbean, or did geostrategic rivalry factor directly into the decision-making process?

Bucheli's invocation of the Monroe Doctrine in the article's title should also be contextualized and critically examined. U.S. officials did not explicitly invoke James Monroe's principles of 1823, or Theodore Roosevelt's corollary of 1904, in their assault upon Pearson's proposed contract. The Wilson administration might have framed its opposition in such terms, especially since the British actively pressured the Colombian government on other matters. Alternatively, the context of the Monroe Doctrine might simply have been understood by all of the participants. It could also make sense to situate Pearson's story within such an analytic framework for the purpose of demonstrating continuity with other U.S. policies in the region. Whatever the case, the article would have been strengthened by explicit analysis of the Monroe Doctrine's role.[2]

Ultimately Bucheli provides a fascinating addition to the literature on oil and international affairs. His explanation of the intricacies of the Colombian political process is enlightening and his analysis of the longstanding ramifications of Panamanian secession is convincing. Although "Negotiating Under the Monroe Doctrine" will appeal primarily to specialists on international oil and inter-American affairs, all who read it will profit.

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—Commissioned for H-Diplo by Jonathan R. Winkler

[2] Emily Rosenberg's analysis of the ties between the Roosevelt Corollary and Dollar Diplomacy is instructive in this case. See Emily Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy* (Durham: Duke University Press, 2003), especially 41, 158-161. Rosenberg also explains that between 1922 and 1923 Edwin Kemmerer made his reputation as a financial reformer in Colombia. By the early 1920s, the process that Bucheli describes whereby the United States supplanted Great Britain as the regional hegemon had run its course.