

# 35 AMERICANS FLEE MEXICAN OIL AREA; BRITONS IN EXODUS

## Rushing Out of Tehuantepec Isthmus After Threats to Foreigners' Lives

### CITIZEN REPORTED HELD

## Standard Subsidiary Executive Said to Be Detained by Workers at Tampico

By FRANK L. KLUCKHOHN

Wireless to THE NEW YORK TIMES.

MEXICO CITY, March 21.—Thirty-five Americans and fifty-four Britons connected with the oil business were today being rushed out of the lonely Isthmus of Tehuantepec, in Southern Mexico, because of threats against their lives.

The first airdrop of British oil workers arrived here this evening from Puerto Mexico, northern port on the isthmus, in a plane piloted by Fritz Beiler. Three other plane loads of refugees were taken by the same pilot from Puerto Mexico to Veracruz today.

Unlike American companies, which generally took precautionary measures in the past week, British companies left supervisors and other officials in the fields, expecting a settlement of the wage difficulties, not expropriation of the companies by the government.

### Others Leaving by Ship

A shipload of men, women and children from the British Mexican Eagle refineries at Minatitlan (near Puerto Mexico) and near-by oil fields were sailing from Puerto Mexico tonight, leaving behind household goods and many personal effects, it was reported earlier today. Some women from British oil fields had already arrived at Veracruz, where they were under the care of the British Consul.

L. Anderson, manager of the Huasteca Oil Company, a subsidiary of Standard Oil of New Jersey, asserted tonight:

"George Schroeder, secretary of Edward Borego, United States citizen and assistant manager of our Tampico terminal, telephoned company officials in Mexico City from Tampico this morning to inform us that Mr. Borego, together with two Mexican executive employes of the company, were being held at the terminal by the workers. Mr. Schroeder said the three were being held until the company pays some wages allegedly due.

"I immediately reported the case to the United States Embassy, which is investigating."

United States Vice Consul Jack D. Neal at Tampico said over the telephone that the three men were being held and that Consul Lawrence S. Armstrong had gone to try to free them. It was asserted the detained men had been "forced to sign false documents." Ambassador Josephus Daniels refused to discuss the case.

Mr. Borego is reported to have told an American friend who arrived here today that he had had a most difficult time getting to Tampico from oil fields where Mr. Borego was last Friday, the day of the Mexican Government's expropriation move against British and American oil companies.

The American is said to have been frequently halted by groups of armed workers, now in complete control of the oil fields and company properties. They wanted to impede his progress, it is said, but Mr. Borego "talked his way through."

### Peso Wavering Hits Trade

Meanwhile Mexican business was crippled as a result of fluctuations of the peso. Shop owners were trying to restrict the sale of goods until they could see at what point the peso would be pegged. Almost all import orders were canceled.

Senator David Ayala asserted after a conference with Finance Minister Eduardo Suarez today that the peso would be left free for three days to permit it to find its level. Thereafter the Bank of Mexico probably will take steps to support the currency.

Semi-official quarters expressed hope that the United States Government would see fit to support the peso despite expropriation of the oil companies, in order to protect international trade, already hit by prohibitive Mexican tariffs. The dollar was quoted at 4.50 to 5 pesos, and money traders here compared this with the former fixed rate of 3.60. The largest foreign bank quoted 4.25 pesos in buying dollars and 4.50 in selling dollars.

A queue of about 500 persons formed before the Bank of Mexico before it opened this morning in order to exchange bills for silver, and many others did the same during the day.

About 20,000 pupils, from kindergarten to university ages, were ordered by the government to march from the Monument to the Mexican

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Revolution through the center of the city to the Presidential Palace tomorrow. An American school was asked to take part in this demonstration for President Lazaro Cardenas's action in confiscating United States and British oil companies.

Tomorrow union leaders representing workers of the American Smelting and Refining Company will renew negotiations for a blanket wage contract before the Federal Labor Board, the newspaper *Ultimas Noticias* announced. The government is anxious to postpone action in this industry in view of the present difficulties, it is said.

## Free Market Authorized

MEXICO CITY, March 21 (AP).—The Central Bank authorized tonight a free market to let the peso "seek its natural level." Luis Montes de Oca, director of the bank, advised private banks they could buy and sell pesos at their own risk until the Bank of Mexico decided to peg the currency.

It was reported reliably that private banks tomorrow would sell United States dollars at the rate of one to 4.25 pesos and buy them at the rate of four to one.

From Vicente Lombardo Toldano, chief of the Confederation of Mexican Workers, came a report that the oil industry was "working like a clock." Ramon Beteta, Under-Secretary for Foreign Affairs, declared, "If the country backs President Cardenas we are across the line."

The first job of the new seven-man Petroleum Board, jointly representing the government and labor, appeared to be to find foreign markets for Mexico's oil. Until markets are established, there was a likelihood of reduced production, an authoritative spokesman said. Heretofore 68 per cent of the Mexican production was exported.

Oil men said 17 per cent of the world's tanker tonnage was "free"—not owned or leased by the seventeen United States and British companies involved in the expropriation move. Mexico would have to count on some of that 17 per cent to transport her oil to foreign purchasers, it was said.

Ousted oil executives watched to learn whether the government on the basis of purely domestic sales could meet this week's payrolls. Business quarters said the government, with January and February receipts totaling less than 50,000,000 pesos and monthly payrolls of 10,000,000 pesos for public works alone, would hardly be able to contribute to make up any deficit.

Attorneys for the companies said they might ask the Supreme Court for outright "revocation" of the expropriation decree, instead of following the usual procedure of asking an injunction.

## Oil Shortage Reported

NOGALES, Ariz., March 21 (AP).—Border sources reported tonight a serious shortage of gasoline and oil supplies existed in the State of Sonora, Mexico, following the Mexican Government's expropriation of the huge foreign oil industry.

Border officials at Nogales, Sonora, said they had received orders from Mexico City not to permit railroad tank cars carrying gasoline or oil to leave Mexico. Dispatches received here said several mills and mines faced possible shutdown because of lack of fuel.

## Foreigners' Homes Occupied

Oil company executives here yesterday said that union officials in Mexico had taken over the homes of foreign employes and threatened them with violence if they did not leave Mexico immediately. They

said that some 2,000 British and United States citizens, including women and children, already were on their way out of Mexico. They stated that all access to their offices and plants had been blocked and that the postal authorities in Mexico were withholding all mail.

Reports from Mexico yesterday that three officials of the Standard Oil of New Jersey's plant in Tampico had been held prisoner were denied last night by officials of the company here. The reports were that Benito Moyola, chief counsel; F. W. Kenny, personnel manager, and Edward Borego, assistant manager of the plant, were being held. Mr. Borego is an American citizen and the others Mexicans.

An official of the plant, who asked that he be not quoted, said last night from a New York hotel, where he is staying, that he had talked with Mr. Borego on the long-distance telephone and had been informed that no one of the three officials had been detained at any time. He believed that the reports were due to a misunderstanding in Mexico City, whence the story came.

The Whitehall Securities, Ltd., of London, fiscal agents of the Mexican Eagle Oil Company, through representatives here announced yesterday that "shareholders may be assured that every possible step will be taken to protect their interests, and, if the opportunity occurs, to secure the reinstatement of the company's operations under conditions giving reasonable control, fair conditions to the workmen and a fair return to the shareholders on their investment."

Reports from Tampico stated that a Japanese tanker yesterday was loading crude oil at the port of Tuxpan from the plant of the Mexican Eagle Oil Company. Although Japanese tankers for months have been transporting crude oil and its products from the Pacific Coast, this is the first time that such a tanker has loaded a cargo of oil from a Gulf or Atlantic port.

Although most of the oil produced in Mexico has been distributed by other subsidiary companies of the international oil companies, a small quantity has been sold directly to foreign purchasers, principally in Europe.

## U. S. ACTS TO HEAL RIFT

### Hull Talks to Daniels About the Mexican Oil Difficulties

Special to THE NEW YORK TIMES.

WASHINGTON, March 21.—While refraining studiously from any action that might be interpreted as intervention by the United States in the current dispute between the Mexican Government and foreign oil companies, high Administration officials today expressed the "serious concern" of this government in the conditions that have resulted from the dispute.

Secretary of State Cordell Hull publicly voiced that concern in a statement addressed to the American public shortly after he had talked at length by telephone with Ambassador Josephus Daniels at Mexico City.

Soon thereafter Sumner Welles, Under-Secretary of State, conveyed the same thought personally to Francisco Castillo Najera, Mexican Ambassador, when the latter responded to his invitation for a conference at the State Department.

These combined statements were believed in informed quarters to indicate that the Administration still hoped that an amicable settlement might be reached in the dispute and that the foreign oil companies might reclaim their properties under terms suitable alike to themselves and the Mexican Government.

At the same time, Secretary Hull declined flatly and repeatedly, in the course of a press conference, to indicate the attitude of the United States should such a settlement fail to materialize.

After he had revealed that he had been studying the Mexican law under which the Mexican Government had operated in the oil dispute—and expressed disappointment and

course would be first adopted, the course equivalent to receivership in this country, but it was not."

State Department officials, following Secretary Hull's lead, declined flatly to discuss reports current in New York that British interests had suggested some joint action between Great Britain and the United States looking toward settlement of the problem.

However, it was recalled in informed quarters that the United States had refused in much more serious international situations to undertake joint action with other countries. It has occasionally proceeded in so-called concurrent action but not in joint requests or demands.

No word had been received here through official sources, so far as could be learned tonight, of reports from Mexico to the effect that the lives of a large number of American and British citizens were in danger as a result of the oil dispute in the Isthmus of Tehuantepec.

Should that be the case, Ameri-

can officials in Mexico have full authority to take any steps necessary to rescue or protect American citizens, and such action might be taken before a report was made to Washington.

When asked at his press conference this afternoon whether Mexican internal policies might have any effect on the Treasury's purchases of about 5,000,000 ounces of silver from Mexico each month, Henry Morgenthau Jr., Secretary of the Treasury, said the usual consideration would be given to renewal of the silver purchasing understanding for the month of April.

The purchases are made on a month-to-month basis. So far this month, purchases of Mexican silver have amounted to about 4,100,000 ounces, according to Treasury records. The Secretary reiterated that the understandings were reached without consideration of other than strictly monetary factors.