CHAPTER 4

Mechanisms of Goodwill

At the end of the First World War, the prospect seemed unlikely that Britain would keep control either of Mesopotamia (or Iraq, as it would now be known) or of the other Arab territories it had occupied during the conflict. The Ottoman system of authority had been destroyed, and in every part of the region both local oligarchies and popular groups were organising alternatives. Yet British forces were to remain in Iraq for four decades, helping British oil companies, in collaboration with French and American firms, to take control of the country's oil, and subsequently of the entire oil production of the Middle East. The foreign oil firms were to continue in command of the region's main economic resource for more than half a century, until the beginning of the 1970s.

Among the processes that helped sustain this extraordinary control of twentieth-century energy resources, two were important from the beginning. First, as we have seen, the oil firms were concerned not simply with the supply of oil but with limiting its production and slowing the development of the petroleum industry. This impeded the ability, using the infrastructure of oil, to build effective methods for advancing egalitarian political claims. Second, the new mandate system under which Britain and France initially organised their justification for ruling much of the Arab world was set up as what the British representative to the Mandates Commission of the League of Nations called a 'dual mandate'. The European powers claimed both a mandate to civilise the native population and a mandate to rule the natives in the interests of civilisation.[1] By the interests of civilisation they meant the economic interests of the West, which frequently meant the interests of its oil companies. In the case of Iraq, the formal mandate under the League was short-lived, but the dual mandate endured under different terms. The first part continued under the name of 'self-determination', or what Lord Milner, who served as British secretary of state for the colonies after the war, called the attempt to 'rule subject races through their chiefs'; the second continued under the name of 'development', or the principle that subject peoples had no right 'to deny their bounties to those who need them'.[2]

1 Frederick Lugard, *The Dual Mandate in British Tropical Africa*, 5th edn, Hamden, CT: Archon Books, 1965.

2 Ibid.: 61, 194.

POSTWAR REVOLUTIONS

By the end of the war, Britain had more than a million soldiers in the Middle East, occupying Egypt and Sudan and the arc of Ottoman territory that stretched from Palestine in the west through northern Syria to the provinces of Mosul, Baghdad and Basra. Facing popular pressure at home to demobilise the troops, Britain soon discovered that even this vast body of armed men was unable to maintain control of the occupied territories.

In Syria, a British-backed Arab military government was nominally in power, but when Britain withdrew its support to allow France to occupy the country under the terms of a postwar deal between the two powers, popular committees took control of Damascus and other large towns. On 7 March 1920, meeting as the Syrian General Congress, they declared the country independent. The invading French army seized control by force, but opposition re-emerged in the Great Syrian Revolt of 1925–27.[3]

In Palestine, a month after the Syrian declaration, large demonstrations were launched against the British occupation. The protests demanded independence and a halt to Zionist immigration, which the British had decided to support as a means of creating a European settler population through whom it might retain a territorial hold on the eastern Mediterranean. Britain had originally planned to retain only the Palestinian port of Haifa, using the enclave as the terminus for a railway or pipeline to carry oil from Iran to the Mediterranean.[4] As it became clear that Palestinians' opposition to the seizure of their territory would require a larger military presence, Britain had opted to support the Zionist project to build up a Jewish colony in Palestine. Its military occupation could then be justified as necessary to support the self-determination of the European settlers, and to mediate the conflict that resulted as the settlers attempted to acquire Palestinian lands.

In Egypt, the popular uprising began a year before, in the Revolution of 1919. Strikes paralysed transportation and government administration in Cairo, while the rural population sabotaged the machinery of its wartime impoverishment – the railway system used to requisition food supplies and labour.[5] The

3 James L. Gelvin, *Divided Loyalties: Nationalism and Mass Politics in Syria at the Close of Empire*, Berkeley: University of California Press, 1998: 87–137. Following the withdrawal of Russia from the war, Britain and France had abandoned their wartime deal, the Sykes-Picot agreement, and negotiated a new understanding. France gave up Mosul to Britain in exchange for Britain's agreement to the French invasion and occupation of Syria and a share of Mosul's oil.

4 'Notes of a Meeting Held at Mr Lloyd George's Residence', in US Department of State, *Papers Relating to the Foreign Relations of the United States: The Paris Peace Conference, 1919* 5: 807.

5 See Abd al-Rahman al-Rafi'i, *Thawrat sanat 1919: Tarikh misr al-qawmi min sanat 1914 ila sanat 1921*, 2 vols, Cairo: Maktabat al-Nahda al-Misriya, 1946; Reinhard Schulze, *Die Rebellion der ägyptischen Fallahin 1919*, Bonn: Ballbek Verlag, 1981. On rural impoverishment

following March, two days after the declaration of independence in Damascus, members of Cairo's suspended Legislative Assembly, meeting at the home of the leading nationalist, passed a resolution declaring the British protectorate over Egypt null and void, and proclaiming the independence of 'the Egyptian territories' (*al-bilad al-misriya*), defined as the countries of Egypt and Sudan.[6] By August 1920, Britain was offering to accept a form of Egyptian independence provided it retained military control of the Suez Canal, whose need for 'protection' provided the pretext for a continued military presence. Britain abandoned a proposal for a constitution under which the various foreign colonies in Egypt would be directly represented in the upper house of the legislature, proposing instead to retain the power to veto the implementation of any laws it deemed to be 'operating inequitably' against the European settler communities in the country.[7]

In Iraq, which saw the most prolonged fighting of the war, resistance emerged more gradually. In the same month as the declarations in Damascus and Cairo, a group of twenty-nine delegates of an incipient nationalist movement met in Baghdad and declared the country's independence. Iraqi nationalists were encouraged by events next-door in Iran, where British attempts to impose a form of protectorate were meeting resistance, and by the Soviet success that spring in driving the British from Baku.[8] In July, an uprising in the middle Euphrates valley, triggered by the increased taxation with which the occupying British army tried to recoup its costs, turned into Thawrat al-Ishrin – the Revolution of 1920. Britain took more than six months to put down the rebellion, which demonstrated the increasing difficulty and expense of imperial rule.

THE WILSONIAN ATTITUDE

It was to these challenges that the doctrine of self-determination, or native rule, offered a solution. British officials in London, discussing the crisis in Iraq and preparing to send an official from the Indian administration, Sir Percy Cox, to Baghdad as high commissioner, expressed a fear that he 'might adopt a

and the railways, Ellis Goldberg, 'Peasants in Revolt: Egypt 1919', *International Journal of Middle Eastern Studies* 24: 2, May 1992: 261–80; and Nathan Brown, *Peasant Politics in Modern Egypt: The Struggle Against the State*, New Haven: Yale University Press, 1990. On the urban strike wave, Joel Beinin and Zachary Lockman, *Workers on the Nile: Nationalism, Communism, Islam, and the Egyptian Working Class, 1882–1954*, Princeton: Princeton University Press, 1987: 84–120.

6 Al-Rafi'i, *Thawrat sanat 1919*, vol. 2: 106–8.

7 Alfred Milner, 'Report of the Special Mission to Egypt', December 9, 1920, National Archives of the UK: Public Record Office (referred to hereafter as PRO), Cabinet Office Records, CAB/24/117: 13, 23–6.

8 Ali al-Wardi, *Lamahat ijtima'iya min tarikh al-'iraq al-hadith*, vol. 5, *Hawla thawrat al-'ishrin*, 2nd edn, London: Kufan, 1991: 45–54.

more Wilsonian attitude than we wished him to'.[9] The term 'Wilsonian' referred not to the ideas of self-determination recently attached to the American president, but to the views of the man Cox was sent to relieve, Arnold Wilson. An officer in the Indian army, Wilson had first come to the Middle East in 1907 as the head of the force of twenty Indian cavalry sent to protect the Anglo-Persian drilling party searching for oil at Masjid-i-Suleiman. (After Cox relieved him of his duties in postwar Iraq, he became the manager for the oil company's operations in the Gulf).[10] During the war Wilson served under Cox as a political officer in Iraq, and when the war ended he stood in for his superior as acting civil commissioner in Baghdad, in charge of the largely Indian administration (both British officers and Indian subordinates) assembled to manage the occupation of the country. After the war, the administration began 'governing Mesopotamia as though it were an Indian province'.[11] As the popular insurgency against British rule gathered momentum in the summer of 1920, Wilson informed his superiors in London that they faced two choices: 'either to hold Mesopotamia by force, or to clear out altogether'. This view, said Lord Curzon, 'left him with an unpleasant impression of Colonel Wilson's incapacity to deal with the situation'. London wanted instead 'the middle course of retaining our position in the country with the goodwill of the people'.[12] Postwar imperialism needed a mechanism of goodwill – a machinery for producing the consent of the governed.

Those trying to find a way of maintaining British power in postwar Iraq faced the problem not of Wilsonian self-determination so much as of the 'Wilsonian' view of imperialists like Arnold Wilson, whether Indian-trained colonial officers overseas or hard-line cabinet members at home, who wanted Britain to establish direct rule over Iraq, perhaps by encouraging the immigration of settlers from India as Britain was attempting to do in East Africa, and to maintain or extend control over countries like India and Egypt. Britain had generally not built its imperial control in Asia and Africa by the immediate annexation of local states. Although imperial power depended on the frequent use of armed violence, and trading ports and other strategic footholds were often seized by force, its expansion had typically proceeded by a method of infiltration and the gradual usurpation of command. This required the preservation of local forms of authority and legal order, even as they were being undermined from within. After the Indian uprising of 1858, and with the extension of

9 'Minutes of Inter-Departmental Conference on Middle Eastern Affairs', 16 June 1920, PRO, Foreign Office Records, FO 371/5227-0002: 5.

10 Arnold Wilson, *SW. Persia: A Political Officer's Diary, 1907–1914*, London: Oxford University Press, 1941.

11 Edwin Montagu, Secretary of State for India, 'Mesopotamian Administration', 23 July 1920, PRO, CAB 24/109.

12 'Minutes of Inter-Departmental Conference on Middle Eastern Affairs': 5, 3.

imperial rule over Africa after 1882, Britain developed more elaborate doctrines and practices of native rule.[13]

The most common method of controlling territories without incurring the degree of opposition and expense that came with immediate annexation had come to be called 'protecting' them. When the British government of India extended its empire to incorporate Ottoman territories of the Persian Gulf, it signed protection agreements with local emirs similar to those it had previously made with the princely states of India. The agreements acknowledged the authority of the local ruler, who in turn ceded part of that authority to the imperial power, often including control over the country's external trade or natural resources.[14] By the early twentieth century, textbooks of international law attempted to formalise the doctrine of protection by distinguishing between protectorates over 'real states', such as the one France established over Morocco in 1912, and 'so-called protectorates', such as those European states were acquiring over what were called African 'tribes', through a treaty with their chiefs. The political systems of Africa were no less real than others, but distinguishing certain protected territories as 'real states' rationalised the fact that, while virtually every newly occupied territory was now described as a protectorate, certain countries remained powerful enough to demand powers of self-government, but were denied independence – or, as it was then called, membership in the 'family of nations'. Protectorates offered a provisional family membership. Lassa Oppenheim's *Treatise on International Law*, in its third edition of 1920–21, remarked that, while protected states were real states, 'all of them are non-Christian states of such a civilisation as would not admit them to full membership of the Family of Nations, apart from the protectorate under which they now are'.[15] Like the principle of self-determination that was to replace it, the doctrine of protection allowed imperial powers to acknowledge a claim of independence, while insisting that for less developed peoples (or, as they were sometimes still called, non-Christians), the only way to advance that claim was under European control.

In the past, the imperial power usually offered protection not to a territory or population but to the ruler, who was to be protected against removal

13 Nicholas Dirks, The Hollow Crown: *Ethnohistory of an Indian Kingdom*, 2nd edn, Ann Arbor: University of Michigan Press, 1993; Mahmood Mamdani, *Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism*, Princeton: Princeton University Press, 1996; Karuna Mantena, *Alibis of Empire: Henry Maine and the Ends of Liberal Imperialism*, Princeton: Princeton University Press, 2010.

14 Anthony Anghie, 'Finding the Peripheries: Sovereignty and Colonialism in Nineteenth-Century International Law', *Harvard International Law Journal* 40: 1, 1999: 48–51.

15 Lassa Oppenheim, *A Treatise on International Law*, vol. 1, *Peace*, 3rd edn, ed., Ronald F. Roxburgh, London: Longmans, Green, 1920: 168. On quasi-sovereignty and protectorates, see Siba N. Grovogui, *Sovereigns, Quasi-Sovereigns, and Africans: Race and Self-Determination in International Law*, Minneapolis: University of Minnesota Press, 1996.

not only by rival powers but by his own subjects. During the First World War, however, Britain took control of countries in the Middle East with no ruler on whom it could rely. In destroying the Ottoman Empire by force, it had eliminated the authorities over whom it might have established claims of protection. To cope with this problem, it tried to create a new form of protection. In 1914, at the outbreak of the war, Britain made Egypt a protectorate without seeking the agreement of the sovereign power.[16] Declaring Ottoman suzerainty to be terminated, it announced a protectorate not over the Ottoman viceroy, who was deposed and replaced with an uncle, but over the country and its population. It would 'adopt all measures necessary for the defence of Egypt', Britain said, 'and protect its inhabitants and interests'.[17]

British officials in Cairo envisaged the protectorate over Egypt as a prototype for incorporating other Ottoman territories into the empire. In the course of the war, Britain planned to create further protectorates where Arab uprisings had weakened or destroyed prewar Ottoman authority. The expeditionary force sent from India to southern Iraq in 1914, ostensibly to protect the Anglo-Persian oilfields, had the larger aim of securing the Indian government's ties with local Arab powers in the event of a popular uprising against the Turks.[18] In March 1917, London ordered its representatives in Iraq to hold Basra under British rule and establish in Baghdad 'an Arab state with local ruler or government under British protectorate in everything but name'.[19] As in Palestine, the initial plan had been to keep control only of the key points for the shipment of oil. A riverfront town on the Shatt al-Arab waterway (the confluence of the Tigris and Euphrates), Basra offered a base for securing the Anglo-Persian oil terminal on the opposite bank of the river a few miles downstream at Abadan, and for constructing a pipeline to Palestine. Until the end of 1917, the British were still debating whether to hold Baghdad or try to keep British influence under loose Ottoman authority.[20] The Ottomans held onto Mosul, the third province that would later be added to form Iraq, until the end of the war. One week after the armistice in November 1918, British forces entered Mosul, but the status of that oil-rich region was not decided until later.

16 When it occupied the country in 1882, to suppress a popular revolt against Anglo-French control of the government's finances, Britain left Egypt nominally under the rule of the Ottoman sultan and his local viceroy. In government correspondence at the time, ministers referred to the dual control as 'Anglo-French protection'. See Sir E. Malet to Earl Granville, Cairo, telegram, 7 May 1882, PRO, FO 407/20.

17 Milner, 'Report': 7.

18 Stuart A. Cohen, *British Policy in Mesopotamia, 1903–1914*, Reading: Ithaca Press, 2008: 221–9.

19 Cited in Peter Sluglett, *Britain in Iraq: Contriving King and Country, 1914–1932*, New York: Columbia University Press, 2007: 15.

20 Reidar Visser, *Basra, the Failed Gulf State: Separatism and Nationalism in Southern Iraq*, Münster: Lit Verlag, 2005: 59.

ECONOMY IS THE TEST OF POLICY

In constructing a machinery of consent, the British sought a mode of government that would deal with two forms of opposition: the local opposition to foreign military occupation, but also the challenge of Labour members of parliament and other critics of imperialism at home, who were opposed to the cost of empire and the prolongation of compulsory military service after the war. Arthur Hirtzel, a senior official at the India Office in London, said that the problem in Iraq was how to create 'some administration with Arab institutions which we can safely leave while pulling the strings ourselves; something that won't cost very much, that Labour can swallow consistent with its principles, but under which our political and economic interests will be secure'.[21]

The emergence of an independent state in Syria, prior to the French occupation, had shown that local administration and national leadership could quickly emerge from the destruction of the Ottoman order. In Iraq much of the local Ottoman administration remained in place. This administration 'had given to the dwellers in towns some semblance of Civilisation', the British conceded. 'There were law courts, from which there was an appeal to Constantinople; and there was an electoral system under which not only municipalities were worked, but members were sent to the Turkish Parliament. Iraq was, in fact, a part – like any other – of the Ottoman Empire.'[22] However, a system of law, municipal administration and representative government were not enough. The British needed a 'native ruler', someone whose weakness would allow them to offer protection, and thus maintain indirect control.

Britain's solution was 'the creation of an Emir'. The high commissioner, Percy Cox, acknowledged that this was an anachronism. 'The immediate selection of an Emir connoting the establishment of dynasty', he wrote, 'is . . . a problem of the greatest difficulty at the present epoch.' He suggested a republic with an elected president, provided the League of Nations would allow Britain to nominate the first holder of the office. Britain considered supporting the most powerful local figure, Sayyid Talib, the prewar ruler of Basra, but decided he was too independent to use.[23] (His main British supporter in Iraq, St John Philby, went on to support the emergence of a local ruler to the south, Ibn Saud, the emir of Najd, who subsequently expanded his territory into the Kingdom of Saudi Arabia.) A committee in London recommended that the emir's selection be postponed for some years and that the British high commissioner fill his place, but Cox felt that this would make the idea of the sovereignty and thus

21 Cited in Sluglett, *Britain in Iraq*: 31.

22 Montagu, 'Mesopotamian Administration'.

23 Sir Percy Cox, 'Note on the Mesopotamia–Persia Situation', 30 July 1920, PRO, CAB 24/110; Visser, Basra.

the self-determination of Iraq 'difficult to interpret'. Britain solved its problem by selecting a 'native ruler' from outside Iraq, and looked to the two emergent powers of Arabia for a candidate. After considering Ibn Saud of Najd, they opted for Emir Faisal, son of the Hashemite ruler of Hejaz.[24]

The financial burden of colonialism reflected this difficulty in replacing Ottoman administration with 'native' rule. While postwar budgets were tight, and provided a reason for scaling back in Iraq, Britain had cost-saving devices like the use of cheap Imperial battalions from India, the levying of an Iraqi armed force, and the deployment of air power. Using aircraft to bomb Iraqi towns and villages helped suppress the 1920 revolt and subsequent uprisings with speed, but air power was unreliable. The secretary of state for India, for example, found the proposal to rely on air power 'difficult to reconcile' with reports of 'the difficulty of keeping aircraft serviceable in a tropical climate'.[25] The colonial secretary, Winston Churchill, argued for a combination of air power and popular consent, using the former to demand the latter. He called for holding the country 'not by sheer force, but by the acquiescence of the people of Mesopotamia as a whole in a Government and Ruler whom they have freely accepted, and who will be supported by the Air Force, and by British organised levies, and by 4 Imperial battalions'. This would create, he argued, 'an independent Native State friendly to Great Britain, favourable to her commercial interests, and costing hardly any burden upon the Exchequer'. The secretary of state for war raised doubts about bombing people as a means of winning their consent.

> Punitive measures may have to be taken against disturbers of the peace; the only means at the disposal of the Air Force, and the means now in fact used, are the bombing of the women and children of the villages. If the Arab population realize that the peaceful control of Mesopotamia ultimately depends on our intention of bombing women and children, I am very doubtful if we shall gain the acquiescence of the fathers and husbands of Mesopotamia as a whole to which the Secretary of State for the Colonies looks forward.[26]

Wars of occupation were now prolonged, attritional and destructive. Mechanised warfare could be fought on a global scale, but only at great cost. Despite an occupying army in Iraq proportionally much larger and better armed than its forces occupying India, Egypt and other territories, the British

24 Cox, 'Note on the Mesopotamia–Persia Situation'.

25 'Minutes of Inter-Departmental Conference on Middle Eastern Affairs': 8.

26 Memorandum by Churchill, 4 August 1921, PRO, CAB 24/126, and Memorandum by secretary of state for war, 17 August 1921, PRO, CAB 24/127, cited in William Stivers, *Supremacy and Oil: Iraq, Turkey, and the Anglo-American World Order, 1918–1930*, Ithaca: Cornell University Press, 1982: 78. On bombing villages to secure payment of taxes and other British uses of air power, see Sluglett, *Britain in Iraq*: 264–70.

administration could not establish control. By 1919–20, Britain was facing revolt almost everywhere in the empire – in Ireland, India and Egypt, as well as Palestine and Iraq.

But the financial constraint also reflected the changed political order British imperialists faced at home. Parliament had forced the Admiralty and War Department to introduce new methods of reporting military expenditures. In June 1920, Labour MPs forced Churchill to reveal that the occupation of Mesopotamia was costing as much as £50 million annually.[27] The rise of the labour movement and the social measures adopted in response to its power had produced demands to reveal the actual costs of empire. This led to calls for the elimination of waste and for 'economy', which was declared in the press to be 'the supreme national need'. The debate on Iraq was summarised in *The Times*: 'economy . . . was the test of policy'.[28]

Against these difficulties, self-determination was not a problem for imperialism – it was a solution. From a financial point of view, it could work in Britain's favour. If the principle were defined to mean that occupied countries should be asked to consent to their occupation, and that mechanisms of native rule should be devised to produce that consent, then the new 'liberal internationalism' would provide a tool not for the undermining of imperial interests, but to ensure their survival.

CONTROL OF THE OIL AREA

Britain soon abandoned its initial plans for the postwar control of Iraq. In April 1920, Britain and France met at San Remo in Italy and reached an agreement to divide control of the Arab territories. To legitimise Britain's continued military occupation of Iraq and Palestine, and France's seizure of Lebanon and Syria by force immediately after the meeting, they claimed them as 'mandates' under the League of Nations, according to the scheme they had devised at the Paris peace conference a year before. They also signed a second agreement at San Remo to share the oil resources of Mosul. To justify taking control of the oil of Mosul, a territory Britain now claimed as part of Iraq, they referred to the London-based Turkish Petroleum Company's unratified Ottoman concession agreement of 1914 (see Chapter 2). Anglo-Persian Oil (the future BP) was to hold half the company, as agreed in 1914. Shell was to control the other half, by combining its original 25 per cent share with the old Deutsche Bank portion, which was to go to a French consortium under the control of Shell. To persuade the Iraqis to

27 'Persia and Mesopotamia', *The Times*, 10 June 1920: 17.

28 'Public Anger At Waste: Mesopotamia Debate To-Day, Urgent Coalition "Whip"', *The Times*, 23 June 1920: 16; 'Mesopotamia and Economy: Lord Curzon on Arab Rule, A Cabinet Committee', *The Times*, 26 June 1920: 16.

accept foreign control of the oil, Anglo-Persian and Shell agreed to allow 'the native Government or other native interests' in Iraq to purchase a holding in the company of up to 20 per cent.[29]

Neither the mandate nor the oil agreement survived for long. The Rockefeller Standard Oil interests defeated the petroleum agreement through carefully targeted threats against Anglo-Persian and the Shell group.[30] Standard's agents also tried to weaken the British in Baghdad, circulating attacks on British policy from the English press, which reappeared in nationalist speeches, and possibly funding the insurgents during the 1920 uprising – although the evidence was hard to pin down. 'I wish these Americans would do something', complained Lord Curzon, the foreign secretary, referring to the agents of Standard Oil, 'to justify our expelling them from Mesopotamia.'[31] Over the following year Washington itself came close to removing the US consul in Baghdad, who had acted as the sales agent for the Standard Oil Company of New York during the war, supplying the Ottoman forces in the city, when it discovered he was lending support to anti-British forces.[32]

After the Iraqi uprising was defeated, Standard Oil lent support to another anti-British force, the emergent republican government in Turkey – or so the British learned 'on good authority' in December 1921 – as an alternative method of driving the British out of Iraq. The oil company was suspected of 'inciting the Turks to attack Iraq in the hope of obtaining from them a share in the oil which they are unable to get so long as His Majesty's Government remain in control of the oil area'.[33] At the same time, an American firm that had earlier been linked

29 The San Remo Oil agreement, often omitted in historical accounts, can be found in US Department of State, *Papers Relating to the Foreign Relations of the United States, 1920*, Washington, DC: US Government Printing Office, 2, 1935: 655–8. On Shell's control of the French share, see Gregory Nowell, *Mercantile States and the World Oil Cartel, 1900–1939*, Ithaca, NY: Cornell University Press, 1994: 80–160.

30 In 1911 the US Supreme Court dissolved the Standard Oil trust and split it into numerous companies. The two largest, Standard Oil of New Jersey (later Exxon) and Standard Oil of New York (later Mobil, then merging with Exxon to form ExxonMobil in 1999), remained under the Rockefeller family's control, and are referred to here as 'Standard Oil'. The Rockefeller firms attacked Anglo-Persian with the threat of signing a rival oil concession in northern Iran, and Shell by undermining its plans for a government-sanctioned oil monopoly in France, a revival of the prewar Franco-German kerosene monopoly project mentioned in Chapter 2. A new French oil consortium was formed to hold the French share of Iraqi oil, Compagnie Française des Pétroles, in which Standard Oil and its French allies held the largest share, with smaller shares for independent French oil companies, and even for Anglo-Persian and Shell. Under pressure from the left in parliament, the French government later took a 35 per cent share in the consortium. Nowell, *Mercantile States*: 135–44, 160–222.

31 'Foreign Influences Behind Arab Uprising', 12 August 1920, PRO, FO 371/5228-0002. The claim about the uprising is repeated in Winston S. Churchill, 'Foreign Incitement of the Turks to Attack Iraq', 13 December 1921, PRO, CAB 24/131.

32 Stivers, 'International Politics and Iraqi Oil, 1918–1928: A Study in Anglo-American Diplomacy', *Business History Review* 55: 4, 1981: 536, and *Supremacy and Oil*: 109.

33 Churchill, 'Foreign Incitement of the Turks', CAB 24/131.

with Standard Oil signed an agreement with the new Ankara government to complete the prewar project for building a railway to Mosul and Baghdad, with rights to develop the oil of Mosul.[34] The pressure from Standard Oil forced Britain to rewrite the San Remo oil agreement to include the Americans as shareholders in the scheme.

The Iraqis themselves needed no help from Standard Oil in opposing British rule. The government the British set up in Baghdad under Emir Faisal, now designated king of Iraq, refused to recognise Britain's claim to rule on the basis of a 'mandate' from the League of Nations. In June 1921, barely a year after announcing the mandate, Cox informed London that it was 'out of date'. Britain agreed to replace it in October 1922 with a twenty-year treaty of alliance, recognising the sovereignty, if not yet the independence, of the new state. The colonial power continued to face opposition at home, where popular opinion was opposed to a long-term commitment in Iraq, and a month after signing the treaty the British government fell. Iraq was a central issue in the election that followed, and Churchill, an architect of the Iraq settlement, lost his seat to the socialist E. D. Morel – the wartime leader of the campaign for the democratic control of foreign policy. The new government in London amended the treaty with Iraq to reduce Britain's formal role in the country from twenty years to four.[35] Facing popular opposition in Iraq and parliamentary opposition at home, Britain attempted from 1923 to secure its position in Iraq at the lowest cost. The solution lay in resolving the control of oil, which was both the main reason for the continued British military presence and potentially the means to pay for it.

Following their agreement to include the Americans, the oil companies had taken almost two years to decide how to share control of the Turkish Petroleum Company, which they later renamed the Iraq Petroleum Company (IPC). Negotiations between IPC and the government of Iraq took two more years, and the companies took another decade to start producing oil in significant quantities. As usual, the delays reflected their preference for impeding the development of large new sources of supply. British officials in Baghdad helped Iraq negotiate a series of terms intended to prevent IPC from sitting on the concession and producing as little oil as possible, with increasing drilling obligations, minimum production levels, a timeline for the construction of a pipeline, and

34 John A. DeNovo, *American Interests and Policies in the Middle East, 1900–1939*, Minneapolis: University of Minnesota Press, 1963: 210–28. The American firm was the same Chester group whose Ottoman-American Development Company, mentioned in Chapter 2, was accused of being a front for the Standard Oil Company. The firm attempted to win Standard's support after the war, but seems to have been an instrument of Turkey's challenge to Britain rather than of Standard Oil.

35 Toby Dodge, *Inventing Iraq: The Failure of Nation-Building and a History Denied*, New York: Columbia University Press, 2003: 22–6.

the auctioning of undeveloped drilling blocks. In practice IPC was able to evade all these requirements, largely because it refused the one demand that might have enabled Iraq to monitor its compliance: an Iraqi share in its ownership. In granting a one-quarter share in IPC to Standard Oil and other American oil interests, the oil companies had eliminated the British government's proposal for Iraqi interests to hold 20 per cent of the venture. After months of negotiations in which IPC refused to yield on ownership, the Baghdad government gave way, and in March 1925 signed a concession agreement that gave it no share in the company. Desperate for the revenues from oil to begin, under pressure from the British, and perhaps warned that a League of Nations Commission deciding whether to award Mosul province to Turkey or Iraq would favour Iraq if the oil issue was finally settled, the Baghdad government consented to a deal that deprived it of any control over the development of the country's main economic resource.

Meanwhile, in the Red Line Agreement of 1928, the major oil companies finalised their shares of Iraq's oil and extended the consortium's arrangements for impeding the development of oil to the rest of the Middle East, by agreeing not to develop production elsewhere in the region without the consent of all its members.[36] At the same time, in response to what was called an 'oil offensive' from the Soviet Union (an attempt to sell more oil abroad and to escape the control of Shell and Standard Oil), the large international firms made a parallel deal to divide the world's markets among themselves, and to limit production to maintain prices.[37] They later agreed to try and keep those prices at the relatively high level at which oil was produced and sold in Texas. The 1928 arrangements also operated as a broader hydrocarbon cartel, covering the coal and chemical industries. The leading oil companies agreed with German and British chemical industry conglomerates to collaborate in controlling patents on the production of synthetic fuels.[38]

The League of Nations Commission proceeded to hand Mosul to Iraq, along with its rich deposits of oil, provided that the mandate be extended for twenty-five years, on the grounds that the Kurdish-speaking population of the province, who formed its majority, needed the protection of an imperial

36 Ronald W. Ferrier, *The History of the British Petroleum Company*, vol. 1: *The Developing Years: 1901–1932*, Cambridge, UK: CUP, 1982: 583–5. Under the agreement, Anglo-Persian, the Shell Group, French oil interests organised as the Compagnie Française des Pétroles (in which Standard Oil, Anglo-Persian and Shell were also part owners), and Standard Oil–led US interests organised as the Near East Development Corporation, each shared 23.75 per cent of the Iraq Petroleum Company, with the remaining 5 per cent held by Calouste Gulbenkian, the Ottoman-Armenian entrepreneur who had organised the original Turkish Petroleum Company. The Red Line was drawn to encompass all of the Middle East (excluding North Africa) except for regions already under the control of Anglo-Persian.

37 Alzada Comstock, 'Russia's Oil Offensive', *Barron's*, 30 January 1928: 17.

38 Nowell, *Mercantile States*: 223–79.

power. Tasked with deciding the future of Mosul according to the principle of self-determination, the Commission had interpreted this to mean conducting inquiries about whether the people of the region considered themselves Arabs or Turks. Those they consulted were more concerned with collective well-being and economic survival than with organising their multiple attachments into an ethnic category, which freed the Commission to allocate the province to Iraq on economic grounds, using the argument that Baghdad and Basra provinces depended on grain imports from the north.[39]

The annexation of Mosul required Britain briefly to amend the Anglo-Iraq treaty again, but the new twenty-five-year agreement included a provision for early termination of the mandate if the League of Nations agreed that Iraq's political development qualified it for membership. Within a year, British administrators were arguing for a rapid end to the mandate, anxious to keep in power the new governing elite that guaranteed its access to the oil and its right to maintain air force bases in the country. To that end, Britain falsified reports to the Mandate Commission, creating the impression of a state meeting mandate criteria for membership of the League. Again, an election in Britain was decisive. In May 1929 the Conservative government was defeated, in part because of the harm done by what an internal party warning called its 'militarist and adventurous foreign policy'. The new Labour government quickly agreed to suspend the 1927 treaty, and put Iraq forward for League membership by 1932.[40] The wartime plans of the Labour party platform in 1916 had long been abandoned. In place of 'the democratization of all countries', the mandate had installed a narrow elite in power, allied with the British.

NATURAL SPOKESMEN FOR THE MANY

Under the principle of self-determination, mechanisms were devised to produce the 'agreement' of occupied Arab countries to European control. In the case of Egypt, for example, after finally agreeing to negotiations in London with the nationalist elite in order to bring an end to the 1919 Revolution, the British party to the talks, led by Lord Milner, insisted that the nationalist leadership return to Egypt with the draft of a proposed treaty 'to explain to the public of that country the nature of the settlement . . . and the great advantages which Egypt would derive from it'. If it were favourably received, Milner explained, 'this would constitute a "mandate" from the people'. The procedure that the delegates adopted, Milner reported, 'was to invite small groups of representative

39 Sarah Shields, 'Mosul Questions: Economy, Identity and Annexation', in Reeva Simon and Eleanor Tejirian, eds, *The Creation of Iraq, 1914–1921*, New York: Columbia University Press, 2004; Quincy Wright, 'The Mosul Dispute', *American Journal of International Law* 20: 3, July 1926: 453–64.

40 Dodge, *Inventing Iraq*: 32–7.

Egyptians to meet them and to discuss the proposed settlement. The latter in turn reported to other groups in the provinces, whence resolutions of adherence were received . . . so that within a fortnight of their arrival it became evident that a substantial majority of the representative elements in the country were favourable' to the proposed treaty.[41] Similar procedures for obtaining consent were organised in Iraq. The mandate system was turned into a machinery of consent, where the imperial power signed treaties (except in Palestine, where control broke down) by which a minority of 'representative elements' in quasi-independent states assented to the British imperial presence. Mandates were transformed back into a form of protectorate.

The mechanisms of consent enabled imperial powers to deal with two forms of opposition: first, the partial sovereignty acknowledged in the signing of treaties allowed local elites to present themselves as nationalists, weakening more populist opposition. The power of a local oligarchy organised under forms of kingship, accompanied by the rule of large landowners, could be represented as an expression of 'self-determination'. As Frederick Lugard explained, 'The ideal of self-government can only be realised by the methods of evolution which have produced the democracies of Europe and America', that is, 'by representative institutions in which the comparatively small educated class shall be recognised as the natural spokesmen for the many'.[42] Second, the mandate framework provided a method for Britain to weaken its own domestic pressure to democratise foreign policy ('something Labour can swallow'), on the grounds that it was acting not as an imperial power but on a mandate from the League.

A further advantage of 'self-determination' was that the world could now be grasped in terms of political identities that were determined by race or ethnicity, a flexible concept that could refer to language, religion, shared history or, most often, simple geographical demarcation. Since no population was ethnically homogenous, this created the possibility of identifying or shaping groups as 'minorities'. The imperial power could then claim the duty to protect them as an endangered fragment of the population. In Egypt, Britain abandoned the protectorate, but in the 1920–22 negotiations over Egyptian independence claimed the right to a continued role in the country as protector of the European residents – whom it wanted initially, as we have seen, to be represented separately in the upper house of the legislature. In Palestine, Britain achieved the same position by creating a European minority – through facilitating Zionist settlement and suppressing local attempts to stop it, and then attempting to establish institutions in which the native population and the minority Zionist community were 'equally' represented. In fact Britain refused to create a legislative assembly in Palestine unless the Palestinian leadership accepted the terms

41 Milner, 'Report': 23, 35.

42 Lugard, *Dual Mandate*: 193.

of the mandate, which recognised Jewish 'national' claims in Palestine but did not recognise Palestinians as a national community.[43] After France invaded Syria (whose southern provinces Britain had retained to form Palestine and Transjordan), it divided the country into six further states. The various political affiliations of each geographical region were simplified into ethno-religious identifications: an Alawite state, a Druze state, a predominantly Christian state (Lebanon), the mixed Turkish, Alawite, and Armenian state of Alexandretta, and the Arab states of Damascus and Aleppo. The last two were reunited in 1924 as the state of 'Syria', into which the Druze and Alawite states were incorporated in 1936 and 1937. Alexandretta was handed to Turkey in 1939, leaving only Lebanon as a separate entity out of the original six statelets.[44] To ethnic groups that could not serve as the mode of control, no protection was offered. The Armenians failed to receive protection against Turkish atrocities, or to be granted a postwar state of their own. But refugees from the atrocities were welcomed into Syria and Lebanon by the French, as another Christian minority in need of imperial protection.[45]

MATERIAL OBLIGATIONS

The training of subject races in self-government represented only one half of the mandate that imperial powers could now claim. Alongside their 'moral obligations to the subject races', which included the training of native rulers, the introduction of a limited amount of schooling to 'assist progress without creating false ideals', and other carefully graduated processes of 'civilisation', the mandatory power claimed a set of 'material obligations'. These were obligations not to civilise native forms of rule, but rather to ensure that natives were ruled in the interests of civilisation.

Lord Lugard, the former British governor of Nigeria, explained the difference between the moral and the material sides of colonialism in his work *The Dual Mandate*, written just before he took up his appointment as the British representative to the Permanent Mandates Commission of the League, a position he held from 1922 to 1936. He wrote his classic text on native rule as both a guide to colonial officials and an attack on the attempt by the labour movement in Britain to subject imperialism to democratic control. The material part of the dual mandate was a duty to ensure the 'development of natural resources for the mutual benefit of the people and of mankind in general'. The imperial

43 Rashid Khalidi, *The Iron Cage: The Story of the Palestinian Struggle for Statehood*, Boston: Beacon Press, 2006: 31–48.

44 George Antonius, 'Syria and the French Mandate', *International Affairs* 13: 4, July–August 1934: 523–39.

45 Tsolin Nalbantian, 'Fashioning Armenians in Lebanon, 1946–1958', PhD thesis, Department of Middle Eastern, South Asian, and African Studies, Columbia University, 2010: 33.

power, Lugard argued, was the 'trustee, on the one hand, for the advancement of the subject races, and on the other hand, for the development of its material resources for the benefit of mankind'.[46]

The obligation to 'develop' the world's resources provided an answer to left-wing critics of empire, who were the target of Lugard's conclusion to his 600-page text. Since the First World War, these critics had been arguing that 'the British taxpayer was being called on to support the ambitions of chauvinists, and that the native races were misgoverned and robbed of their lands and their proper profits by the greed of exploiters'. There seemed to be 'an organised attempt', Lugard complained, 'to promulgate these doctrines among the Labour Party, and to persuade them that the existence of the Empire is antagonistic alike to their own interests and to those of the subject races'. The Research Department of the Labour Party, he suggested, 'would persuade the British democracy that it is better to shirk Imperial responsibility, and relegate it to international committees; that material development benefits the capitalist profiteer; and that British rule over subject races stands for spoliation and self-interest'.[47] The doctrine of the dual mandate provided an answer to these critics of empire. Imperialism, Lugard argued, was not an anti-democratic process. On the contrary, only through colonialism could the new democratic claims of the labour movement be met. 'The democracies of to-day claim the right to work', he noted; but without the raw materials produced in the colonies 'the satisfaction of that claim is impossible'. Imperial merchants, miners and manufacturers employed their technical skills, capital and energy overseas not as 'greedy capitalists' but 'in fulfilment of the Mandate of civilisation'.[48]

The doctrine of development provided a new rationale for imperial power, one that the Mandates Commission of the League was to play an important role in elaborating. At this point, in the 1920s, the doctrine referred only to the development of material resources. In the following chapter I will trace the emergence of a new object of development – 'the economy'.

46 Lugard, *Dual Mandate*: 58–9, 606.

47 Ibid.: 608. On the Mandates and development see Antony Anghie, 'Colonialism and the Birth of International Institutions: Sovereignty, Economy, and the Mandate System of the League of Nations', *New York University Journal of International Law and Politics* 34: 3, 2002,: 513–633. See also Priya Satia, 'Developing Iraq: Britain, India and the Redemption of Empire and Technology in the First World War', *Past and Present* 197: 1, 2007: 211–55. (T. E. Lawrence used the claim of 'development' to criticise the occupation: 'We say we are in Mesopotamia to develop it for the benefit of the world. All experts say that the labour supply is the ruling factor in its development. How far will the killing of ten thousand villagers and townspeople this summer hinder the production of wheat, cotton, and oil?' 'A Report on Mesopotamia', *Sunday Times*, 22 August 1920).

48 Lugard, *Dual Mandate*: 61.

CONCENTRATING THE WEIGHT OF FORCES

The Iraq Petroleum Company finally began drilling for oil in April 1927, almost a quarter of a century after the Ottoman government had given Deutsche Bank the first oil concession for Mesopotamia. Within a few weeks it had discovered a vast oilfield, in a highly porous limestone structure stretching for sixty miles to the north of Kirkuk. The company used the discovery as an excuse for further delays. It abandoned exploration elsewhere in Iraq and spent another seven years drilling test wells in the Kirkuk field, slowly determining the extent and peculiarities of the reservoir and producing a token 2,000 barrels of oil per day. It built roads, workshops and housing, creating accommodation for 2,000 Iraqi workers, 125 Europeans, and 30 Americans. It was unwilling to develop production, however, especially when the 1929 financial crisis brought on the Great Depression. The government of Iraq demanded that the company build a pipeline to export oil to the Mediterranean, but the company refused to do so until the government agreed to renegotiate the 1925 oil concession.

In 1931 Iraq's pro-British prime minister, Nuri al-Sa'id, agreed to a revision of the concession in exchange for a modest cash advance. The new agreement eliminated the government's right to tax the company's profits (a right distinct from the royalty payments on each barrel of oil produced) and removed the minimum drilling obligation and the requirement that the company periodically relinquish undeveloped parts of the concession area. The agreement expanded the concession area from the 192 square miles that the company had been required to select under the relinquishment provision to 32,000 square miles (from 50,000 hectares to over 8 million hectares). Having accepted what the State Department's oil expert later called 'one of the worst oil deals that has ever been signed', Iraq finally began to earn a modest income from oil.[49]

A pair of twelve-inch pipelines from Kirkuk to the Mediterranean was built in 1932–34, one line branching south to a British-controlled terminal at Haifa, the other north to a terminal at Tripoli under French control (see map, pp. 116–7). With twelve pumping stations, the first of the great Middle East pipelines – at that time the biggest welded pipeline in the world – the new conduit allowed oil production to increase forty-fold, from 2,000 to 80,000 barrels a day. This was only a fraction of what Iraq's wells could produce, but a plan to increase the pipeline capacity fourfold was delayed by the Second World War, and then limited to half that by the 1948 Palestine war, which closed the southern route to Haifa – although a larger replacement was then built, running north to the Syrian coast at Banias. Production was

49 Francisco Parra, *Oil Politics: A Modern History of Petroleum*, London: I. B. Tauris, 2004: 12–13. The 1931 agreement gave IPC control of the north-east of the country. When concessions for the north-west and the south were offered over the following decade, they were purchased by IPC, giving it control of almost the entirety of Iraq's oil.

doubled to 160,000 bpd in 1950, and doubled again in 1952 (by 1980 it would reach 2.5 million bpd).[50] Meanwhile, in July 1940, the railway line connecting Baghdad to Mosul was finished, completing the route of the Baghdad Railway, which had been intended as the region's first oil pipeline but had taken four decades to finish.

In building the infrastructure of oil, the petroleum companies were also laying out the infrastructure of political protest. The points of vulnerability, where movements could organise and apply pressure, now included a series of oil wells, pipelines, refineries, railways, docks and shipping lanes across the Middle East. These were the interconnected sites at which a series of claims for political freedoms and more egalitarian forms of life would be fought.

Britain had reoccupied Iraq in 1941, less than a decade after acknowledging the country's formal independence. Following the war, protests culminated in the popular uprising and student and worker strikes of 1948. The Communist Party of Iraq, which had emerged as one of the best-organised political movements in the region, demanded 'the evacuation of foreign troops, the unshackling of democratic freedoms [and] the provision of decent bread to the people'.[51] The party had 'concentrated the weight of its force in the colossal enterprises that were . . . most vital to the country' – the railways, the port of Basra and the oilfields. This focus on the most vulnerable points in the technical structures of a petroleum-based system of production 'constituted the key to its basic strategy'.[52]

In the railways, the party organised most of its resources at 'the most fundamental point in the entire system, the railway workshops at Schalchiyyah', where the main stores and all repair and maintenance work were concentrated. 'Stoppage of activity in this place for ten to fifteen days would have brought the movement of trains in the whole of Iraq to a complete standstill.'[53] In the British-controlled oilfields, the party focused its activities at an even more vital site – 'the point of bifurcation of the Kirkuk–Haifa and the Kirkuk–Tripoli pipelines, the K3 pumping station near Hadithah'.[54] A strike by oil workers in June 1946 demanding the right to a union, sickness and disability insurance, and a pension, was crushed by force, with ten workers killed and twenty-seven injured.[55] During the 1948 uprising, however, the oil workers succeeded in shutting down K3. Since the pumping station supplied the gasoline for other pumping stations, the union posted guards to ensure that not 'even a pint of gasoline' got out. The stoppage lasted two weeks, until the Company surrounded the site

50 Stephen Longrigg, *Oil in the Middle East: Its Discovery and Development*, 3rd edn, London: OUP, 1968: 70–83, 174–82; DeGolyer & McNaughton, *Twentieth Century Petroleum Statistics*, Dallas: DeGolyer & MacNaughton, 2009.

51 Prison letter from Comrade Fahd, early February 1948, cited in Hanna Batatu, *The Old Social Classes and the Revolutionary Movements of Iraq*, London: Saqi Books, 2004: 564.

52 Ibid.: 616.

53 Ibid.: 617.

54 Ibid.: 622.

55 Ibid.: 624.

with machine guns and armoured cars and cut off supplies of food. Unable to risk an armed confrontation, the strikers decided to march on Baghdad, more than 150 miles away. After three days of marching, with increasing support along the way, they 'entered Fallujah and fell into a police trap'.[56] The oil workers were sent back to K3, and the strike leaders to prison.

TROUBLEMAKERS

The other end of the Kirkuk–Haifa pipeline, in Palestine, provided another site of struggle. In the 1936–39 Arab revolt – the most sustained anticolonial uprising against the British in the twentieth century – a major target of the insurgency was the recently completed pipeline from Iraq. Initial efforts to weaken the British in August 1936 by organising a strike at the oil refinery at Haifa, and at the port, the railway and the Public Works Department, were defeated when the British brought in Royal Navy engineers to run the trains and Jewish workers to run the port and the refinery.[57] The pipeline was more vulnerable. Palestinian forces destroyed it for the first time near Irbid on 15 July 1936. They later blew it up several times near the villages of Kaukab al-Hawa, Mahane Yisrael, and Iksal, between 'Afula and Beisan, and at Tel 'Adas, al-Bira, 'Ard al-Marj, Tamra, Kafr Misr, Jisr al-Majami', Jinjar, Beisan and Indur.[58] Unable to protect the pipeline, the British created of a force of armed Jewish settlers to assist with its defence, and to guard the Haifa–Lydda railway line.[59] This British-officered force was the nucleus of the Zionist army that seized control of Palestine in 1948.

The construction of a pipeline to carry petroleum from the oilfields of Saudi Arabia to the Mediterranean produced another set of political calculations and opportunities. The Trans-Arabian Pipeline Company, a joint venture by the four US companies that owned Aramco – the firm that in 1933 had acquired exclusive rights to produce oil in Saudi Arabia – originally planned to terminate the pipeline near the British refinery at Haifa.[60] In 1946 they altered its

56 Ibid.: 625.

57 Zachary Lockman, *Comrades and Enemies: Arab and Jewish Workers in Palestine, 1906–1948*, Berkeley: University of California Press, 1996: 243.

58 Ghassan Kanafani, 'The 1936–39 Revolt in Palestine', New York: Committee for a Democratic Palestine, 1972: 109, available at www.newjerseysolidarity.org. Kanafani twice mentions the place name Bashan, which is presumably a translator's error and has been corrected to Beisan; Ain Dur has been corrected to Indur. 'Ard al-Marj refers to Marj ibn Amir.

59 Kanafani, 'The 1936–39 Revolt'. On the British–Zionist collaboration in defending the pipeline, see David Ben-Gurion, 'Our Friend: What Wingate Did for Us', *Jewish Observer and Middle East Review*, 27 September 1963: 15–16.

60 See map, pp. 116–7. Standard Oil of California (now Chevron) had acquired rights to Saudi oil in 1933, formed a joint venture with The Texas Company (Texaco) three years later, and expanded the venture in 1947 to include Standard Oil of New Jersey (Exxon), and Socony-Vacuum (Mobil). On the history of Middle East oil pipelines, see Rafael Kandiyoti, *Pipelines: Flowing Oil and Crude Politics*, London: I. B. Tauris, 2008: 49–83.

route to avoid Palestine and pass through the south-west corner of Syria, with a terminal on the Lebanese coast near Sidon. The reason given was the uncertain political future of Palestine, but this uncertainty may have included more than just the growing threat of Zionism to the country's stability. The British refinery, located at the terminus of the existing pipeline from Iraq, was the site of an additional threat to oil company control. Its workers organised a strike in February 1935, the 1936 strike mentioned above, and a thirteen-day strike for better wages in March 1947.[61] In the summer of 1947, Samuel Mikunis, secretary of the Communist Party of Palestine, testifying in Jerusalem before the United Nations Special Committee on Palestine, raised a series of objections to the local political powers exercised by the oil companies:

> The oil refinery at Haifa (The Consolidated Refineries Limited) is a foreign concern exempted from all payment of customs duties. Monopoly concessions have been granted to the Iraq Petroleum Company and to the Trans-Arabian Oil Company. These concessions include the right – free of royalties, taxes, import duties or other payments, charges or compensations – to lay pipelines through any part of the country, to expropriate land, to seize any wood, stone, water and other local materials required, to import cheap labour regardless of existing immigration laws, to pass freely the border of Palestine, to build and use their own harbours, railroads, aerodromes and wireless stations, to exact port taxes for harbouring and loading, and to keep their own police force. The population of Palestine does not derive even cheaper oil and petrol from these concessions, granted by the Government without any consultation of the people.[62]

Rerouting the pipeline through Syria provided a way to avoid this kind of political contestation. When the Syrian parliament refused to ratify the terms of the agreement with the pipeline company, arguing for improved transit fees and a less one-sided US position on Palestine, the oil companies had the CIA organise a coup to put a more accommodating colonel in power. The new military government suspended parliament and the constitution, and completed the pipeline agreement.[63] Events such as these engineered the postwar relationship between oil and democracy.

61 Lockman, *Comrades and Enemies*: 327, 331.

62 Testimony of Samuel Mikunis to the UN Special Committee on Palestine, 13 July 1947, UN General Assembly, A/364/Add.2 PV, at domino.un.org. Previously a movement of both Palestinian Arabs and Jewish settlers, in 1943 the Palestine Communist Party had split into Arab and Jewish movements, but the Jewish factions, including the one led by Mikunis, continued until late 1947 to oppose the Zionist plan for a Jewish state in favour of Arab–Jewish cooperation. Lockman, *Comrades and Enemies*: 303–51.

63 Douglas Little, 'Cold War and Covert Action: The United States and Syria, 1945–1958', *Middle East Journal* 44: 1, Winter 1990: 55–6; Irene Gendzier, *Notes from the Minefield: United States Intervention in Lebanon*, 1945–1958, 2nd edn, New York: Columbia University Press, 2006: 97–8.

In Lebanon, the United States pressured the government to sign a bilateral investment treaty that would exempt the oil companies from local labour law.[64] Labour protests beginning in the winter of 1943–44, demanding union rights and improved pay and conditions, had led to the passage of a labour code in 1946.[65] Kamal Jumblatt, the minister of national economy, represented a reformist faction that opposed generous concessions to foreign multinationals and favoured the development of domestic manufacturing. His deputy warned that an earlier pipeline and refinery, the Kirkuk–Tripoli line, which was the other branch from the K3 pumping station in Iraq, had provided little employment or local development. 'Two million tons of oil flow every year through Tripoli, but what does the huge installation represent in the economy of the town? Few perhaps know that a single cotton spinning and weaving plant in Tripoli itself employs four times as much labour as the whole Iraq Petroleum terminal and refinery together.'[66] In the final negotiations over the pipeline concession, the Americans secured Jumblatt's removal from office.[67] When the pipeline began operations, the US company used temporary employees and other measures to prevent the unionisation of the workforce.[68]

In the case of Saudi Arabia, Aramco imported the system of racial segregation and the corresponding inequality in pay, working conditions and housing that were familiar features of oil and other extractive enterprises in the United States, and were used to lower costs and inhibit labour organising and political action.[69] As production developed at the end of the Second World War, the Saudi workforce carried out a series of strikes demanding better treatment and pay and an end to racial discrimination. Known 'trouble makers' from Iraq were deported, as were workers from what had become Pakistan, after further protests in 1949. The company explained to the State Department that those deported were followers of 'the Communist line, particularly as regards evils of capitalism *and racial discrimination*'. A ten-day strike in 1953, after the company refused to recognise labour leaders as representatives of the workforce, led to a promise of reforms and the imposition of martial law in the oilfields, allowing Aramco

64 Gendzier, *Notes from the Minefield*: 111–14, 131–2.

65 Irene C. Soltau, 'Social Responsibility in the Lebanon', *International Affairs* 25: 3, July 1949: 307–17; Elizabeth Thompson, *Colonial Citizens: Republican Rights, Paternal Privilege, and Gender in French Syria and Lebanon*, New York: Columbia University Press, 2000: 277–81; Malek Abisaab, '"Unruly" Factory Women in Lebanon: Contesting French Colonialism and the National State, 1940–1946', *Journal of Women's History* 16: 3, 2004: 55–82.

66 Na'im Amiouni (Amyuni), 'A Short History of our Pre-War and Post-War Economic Problems', 3 July 1946, cited in Gendzier, *Notes from the Minefield*: 48.

67 Gendzier, *Notes from the Minefield*: 47–8, 145.

68 Ibid.: 112, 117.

69 Robert Vitalis, *America's Kingdom: Mythmaking on the Saudi Oil Frontier*, 2nd edn, London: Verso, 2009. Vitalis brings to light the importance of race to the organisation of oil production, the repeated efforts by Saudi and other workers to win a more egalitarian labour regime, and the tenacity with which the American company fought to preserve racial discrimination.

spokesmen to blame the government for simply enforcing its own anti-union policies. When the promises were not kept, a wave of protests, stoppages and boycotts followed, culminating in a general strike in June 1956. The workers' demands included the introduction of a political constitution; the right to form labour unions, political parties and national organisations; an end to Aramco's interference in the country's affairs; the closure of the US military base; and the release of imprisoned workers. Aramco's security department identified the strike leaders to the Saudi security forces, who imprisoned or deported the organisers.[70]

There were similar pressures in Iran, where Britain had assured its control of oil and of supply routes during the Second World War through an Anglo-Soviet invasion of the country. To gain support for the military occupation, Britain acceded to popular pressure to depose the shah, but secured a future for his methods of autocratic rule by replacing him with his son.[71] Struggles for better pay and working conditions in the oil industry and for an end to the system of racial discrimination in the management and accommodation of the workforce led to a series of strikes in 1945–46, including a three-day general strike in the refinery at Abadan and across the oilfields. A parliamentary delegation from Britain reported that the housing the Anglo-Persian Oil Company, now renamed Anglo-Iranian, ran for its workers 'looks like a penal settlement in the desert' with accommodation 'little better than pig-styes'. The government passed a Labour Law responding to some of the workers' demands, but also establishing state regulation of labour unions, then declared martial law in the oil region and attempted to crush the independent oil union.[72] In 1949–51 the union and its allies in the Tudeh Party (the communist party of Iran) re-emerged. As in Mexico in 1937, a reformist government tried to defuse the oil workers' power by nationalising the country's oil industry, although on terms more favourable to the foreign oil company than those demanded by the union and the communist party. There followed a violent confrontation between the oil workers and the Mossadegh government, which arrested the leaders of the oil union. Anglo-Iranian had no grounds on which to oppose the

70 Vitalis, *America's Kingdom*: 92–5, 119, 171–84 (Vitalis's italics). See also William Eddy, Letter to Children, 23 November 1953, William A. Eddy Papers, Box 8, Folder 7, Public Policy Papers, Department of Rare Books and Special Collections, Princeton University Library; and Alexei Vassiliev, *The History of Saudi Arabia*, New York: New York University Press, 2000.

71 Ervand Abrahamian, *Iran Between Two Revolutions*, Princeton: Princeton University Press, 1982: 164–5.

72 Katayoun Shafiee, 'Cracking Petroleum with Politics: Anglo-Persian Oil and The Socio-Technical Transformation of Iran, 1901–54', PhD thesis, Department of Middle Eastern and Islamic Studies, New York University, 2010; Fred Halliday, 'Trade Unions and the Working Class Opposition', *MERIP Reports* 71, October 1978: 7–13; Habib Ladjevardi, *Labor Unions and Autocracy in Iran*, Syracuse: Syracuse University Press, 1985: 61–9, 123–47; Ervand Abrahamian, *Iran Between Two Revolutions*.

nationalisation (Britain had nationalised its own coal industry five years earlier), and its effort to have the International Court of Justice declare Iran in violation of the concession agreement failed. In 1953 the CIA and the British intelligence services organised a coup, which removed Mossedegh from power and gave the Shah the power to defeat the nationalist movement and crush the labour movement and the left. The Anglo-US coup re-established foreign control over the country's oil – although Washington forced Anglo-Iranian, now renamed BP, to reduce its share of the oil monopoly to 40 per cent, with US and other foreign firms sharing the remainder.[73]

After the First World War, Britain had turned the doctrine of self-determination into a means for manufacturing a weakened but cost-effective mechanism of indirect rule in Iraq, securing for the handful of major international oil companies control of the region's oil. The oil firms delayed the development of the oilfields during the interwar period, protecting their monopoly control of world oil. After the Second World War, the construction of new energy networks replacing coal with oil was the basis for weakening the left in Europe and building there the corporatist forms of postwar democracy. Those networks had different political properties from the coal-centred energy arrangements they replaced. Although the oilfields, pumping stations, pipelines and refineries of the Middle East became sites of intense political struggle, they did not offer those involved the same powers to paralyse energy systems and build a more democratic order.

73 Ervand Abrahamian, 'The 1953 Coup in Iran', *Science and Society* 65: 2, Summer 2001: 185–215.

CHAPTER 5

Fuel Economy

We are learning to think of democracy not in terms of the history of an idea or the emergence of a social movement, but as the assembling of machines. Those who assembled the supply of coal into an apparatus for democratising the industrialised world had tried to extend its mechanisms to govern relations with non-European regions. Following the crisis of the First World War, they proposed devices to govern the international flow of finance and redirect its profits to beneficial ends. The imperial powers, in uneasy alliance with local forces, managed to forge an alternative device, one that replaced democratic claims with the process of 'self-determination' and substituted for the democratic control of international capital the emergent apparatus of 'development'.

The difficulty in governing the movement of money continued to be an obstacle to the growth of more egalitarian and democratic politics, an obstacle increasingly connected with the flow of oil. A generation later, in the wake of the failure of democratic governments in Europe and a second global war, another effort was made to devise a method for managing the international flow of finance, the arrangement known as the Bretton Woods system. Its development coincided with new forms of democratic politics in industrialised countries, based on the management of what had recently come to be called 'the economy'. Both the international financial arrangement and the apparatus of 'the economy' were devices for governing democracies; both systems, as we will see, were constructed in ways that took advantage of the rapidly increasing use of non-renewable carbon energy, which with the shift to the age of oil continued its exponential rate of growth. In order to grasp the changing relation between carbon energy and democracy in the second half of the twentieth century, we must explore the place of oil in these two machineries of government.

OIL TO DRIVE THE MONEY LENDERS FROM THE TEMPLE

The collapse of democracy in Europe in the 1920s and 1930s, the rise of fascism and the slide towards another world war were understood to have been caused by the collapse of methods for maintaining the value of money. In central and eastern Europe, countries were forced to abandon the attempt to base the value of their currencies on reserves of gold. One by one their domestic financial systems collapsed, middle classes were pauperised, the poor endured widespread unemployment, and interwar democracy was destroyed. 'The breakdown of the