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Oil and Turkey

A Study in Capitalist Organization

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BEFORE the war, the world's oil industry was dominated by the Standard Oil Company of America (the S.O.C.) and the Royal Dutch Shell Combine (the R.D.S.) Both these trusts have a capital of well over £200,000,000, and are better organised and more unscrupulous than most big business concerns. Naturally they pay an important part in international politics. Since the war a third oil trust, the Anglo-Persian Oil Company (the A.P.O.) has come to the front in politics. The majority of its shares (55%) are held by the British Government. These three trusts are the chief combatants for the world's oilfields.

The S.O.C. has its home and foreign political departments. Also General M. W. Macdonagh recently left the War Office to become "political adviser to the Anglo-Saxon Petroleum Co. Ltd., one of the R.D.S. companies" (Oil News, 16/9/22).

The American Government tried to fine the S.O.C. 29,000,000 dollars and has made two attempts to dissolve it. The S.O.C. did not pay and has grown stronger than the American Government so that today, to quote an Oil journal, "the S.O.C. has hitched the American Government to its cart, so that S.O.C. interests are national interests."

Now the British Government introduced a regulation, 30 B.B., according to which no British Oil company might pass under foreign control. The R.D.S. depends on the British Navy to defend its far-flung interests, but as only 40% of its capital is Shell and 60% is Royal Dutch, it is a foreign trust. Still when it wanted to absorb the Mexican Oil Company, a British company, the British Government had to suspend regulation 30 B.B. till it was effected.

At the beginning of the century some German geologists found that the oilfields of Turkey were among the richest in the world. As they were diplomats as well as geologists, they drew up two reports, "one to their own Government in which they referred to the splendid opportunities presented by the oilfields, and the other to the Sultan's Government in which these opportunities were said to be somewhat scanty." (Oil News, 4/11/22). Abdul Hamid, however, was also a diplomatist and managed to obtain possession of both reports, so "he had the revenues from Mosul transferred from the State to his own Civil list," (Oil News, 4/11/22). R.D.S. and the A.P.O. became interested in this region, and finally the "Turkish Petroleum Company" was formed in which the German share, 25%, was held by the "Deutsche Bank," while the remaining 75% was held by the British companies. Then came the Great War, with Churchill's "side shows," and British troops occupied oil fields in Russia, Palestine, Persia, and Turkey.

After the Armistice Turkey was deemed to have ceded Mesopotamia and Palestine to the Allies under the treaty of Sevres.

"On that theory mandates over Palestine and Mesopotamia were issued to Great Britain. These mandates, however, have not been recognised by Turkey, which did not sign the treaty." (Oil Engineering and Finance, 6/10/22).

The mandate for Armenia was refused by Britain,

France and America. There is no oil in Armenia.

The position was becoming rather complex, for in the secret treaties revealed by the Bolsheviks, Tsarist Russia, Britain and France had already divided the Near East to their own satisfaction, and according to the Sykes-Picot agreement, signed by Asquith and Briand during the war, France was to have a sphere of influence in Mesopotamia which included the oily parts round Mosul.

Of course all these events had no connection with British policy, for did not a British premier say that not one square yard was to be added to the British Empire, and has not Mr. Bonar Law said, "I am amazed at being told what a huge territory we got out of the war." (Daily Herald, 23/5/22)!

After the war, France owed both the R.D.S. and the S.O.C. enormous sums, which it could not pay.

So, armed with its bill for £5,000,000 the R.D.S. proposed to the Clemenceau Cabinet, that it should "co-operate in the plans of the French Government in the management and exploitation of any petroleum interests which might be reserved for France by the Peace Treaty." (Delaisi Oil, p. 61).

Now France was getting into difficulties, for, to quote a French author, "The Emir Feisul was pushing the Senegalese battalions of General Gouraud towards the Syrian coast." "The strangest part of it all—and everybody knew it—was that the power of Emir Feisul depended upon the arms, the money and the support of our good friends the British." Then Lord Curzon said, "Sign the agreement with the Royal Dutch, and you shall have Syria." M. Millerand accepted. Immediately Feisul was left to himself. Thus the triumphal entry of General Gouraud into Damascus was paid for by the abandonment of all our (French) oil resources." (Delaisi Oil, p. 62)

At the San Remo conference, Mr. Lloyd George reminded the French, that in the annex to the Sykes-Picot agreement, it was stated, that "all British pre-war concessions should be integrally respected by the French Government in the regions of Mesopotamia, submitted to French influence."

The Turkish Petroleum Co. had such a pre-war concession for the oilfields of Mesopotamia, so according to the San Remo agreement: (7) Mesopotamia. "The British Government undertake to grant to the French Government or its nominee 25 per cent of the net output of crude oil at current market rates." "Or in the event of a private petroleum company being used to develop the Mesopotamian oil fields, the British Government will place at the disposal of the French Government a share of 25 per cent. in such company.

This agreement was signed by J. Cadman and P. Berthelot, on the 25th April, 1920.

These gentlemen were not premiers, or even foreign ministers, but oil experts.

The agreement was "confirmed" on the 25th April, 1920, by D. Lloyd George and A. Millerand.

As the A.P.O. held half the shares in the Turkish Petroleum Co., it is not surprising that Sir Charles Greenway, its chairman, regards Mr. Lloyd George as "the greatest of all our British Premiers." (Petroleum Times, 2/9/22).

The Emir Feisul was transferred to Mesopotamia, and set up, after the slaughter of thousands of Arabs, as the king of Iraq, while the Greeks kept Kemal and his army busy.

Things did not go smoothly: America found she had a pre-war concession passing through the Mosul oilfields, "secured largely through the influence of Rear Admiral Colby M. Chester of the United States Navy" (Petroleum Times, 4/9/20).

To quote an oil journal, Oil News, 27/11/20, "it is evident that the United States of America at the instance of the Standard and possibly other important groups, are not going to take the Mesopotamian situation lying down," so Mosul oil was discussed at the Washington conference, but at Genoa and the Hague it was eclipsed by the Russian oilfields as the chief bone of contention.

France, also, was not going to be denied her share of the pickings and sent M. Franklin Bouillon to make a pact with Kemal, and as one journal said, "The situation is not improved by the knowledge, that Emir Feisul, placed in his position by us, and subsidised by us, wants us to clear out." (Evening Standard, 18/8/22).

Then Kemal wiped up the Greeks and was left with a victorious army free to reconquer Mesopotamia.

This was awkward; troops and gun boats were rushed out to Turkey, Britain appealed to her Allies, France and Italy, to strengthen their forces in Turkey, but both France and Italy replied by withdrawing their troops already there, and Britain was left isolated without a friend.

Then, horror of horrors, victorious Turkey threatened to nationalise the oil, and to quote an oil journal, "Not only American concerns are vitally affected by Near Eastern nationalisation projects, but French interests under the San Remo agreement are concerned likewise. The nationalisation idea is apparently spreading rapidly in the East. Roumania was reported recently to entertain some such idea, Soviet Russia has long proclaimed it to the detriment of America, British and other oil interests in the region of Baku and Batoum, which are not so very far removed from Turkey, where the nationalisation germ has most recently sprouted." Oil, Engineering and Finance (6/10/22).

A hurried secret conference of oil bugs was held in London. "These included British and French as well as American and perhaps others. The American oil representatives asked for participation or representation on a certain basis, which cannot be disclosed." (Oil News, 18/11/22).

This was followed by the Lausanne conference, where the American observer, Mr. Childs, demands the open door policy, or as one journal describes it, "a demand for an 'open' oil pipe, with at least one end running into the Standard Oil's reservoirs" (Daily News, 28/11/22).

America's financial position gives her an advantage over her debtors, Britain and France, so "Mr. Childs established the position of the United States in plain and unambiguous terms, which he said do

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