

OIL on TROUBLED SEAS

WHEN everything is propaganda it is certainly hard to get at the facts. But when one has had the propaganda of all sides, their several errors tend to cancel out, and one can as a result often get a truer picture than when the real facts are hidden beneath soothing lullabies of pseudo-impartiality. For three years our chief authority on the Imperialism of oil has been the booklet by Monsieur Delaisi.* Rumour has whispered

* *Oil*, by F. Delaisi, Trans. by C. L. Leese (Labour Pub. Co.).

that it is one-sided—that it is propaganda for Standard Oil. Now, however, our knowledge is supplemented by two further, and more comprehensive, books. The one, written with the persuasive charm and disarming moderation of the English liberal, has a strong savour of Shell propaganda about it.* The other, written with journalistic vigour and exaggeration by a zealous and realistic Frenchman, is clearly a brief for independent French oil production.† Together with Delaisi they form a comprehensive oil triangle—American-British-French—enabling us by a synthesis to get a picture of the whole.

The English book is “anti-Delaisi.” The writers refer to him as a “romanticist,” “malice winged with imagination,” whose “coloured version” causes one “to suspect the hand of Standard Oil.” The writers deny that there has been any organised plan on the part of British oil interests to dominate the oil resources of the world. On the contrary, they complain that the continual intervention of the British Government in the business through the Government-owned Anglo-Persian Oil Company has seriously hampered the development of Royal Dutch-Shell (the independent British oil combine); and by mixing oil prospecting too openly with politics and diplomacy has seriously aroused the fears of the American Government. The U.S.A. Government, taking up the cudgels on behalf of Standard Oil, have brought diplomatic pressure to bear, have accordingly forced the Anglo-Persian to make important concessions to them, *e.g.*, in Mesopotamia, and have introduced reprisals which have hit severely Royal Dutch-Shell.‡ The writers, therefore, condemn direct participation of the British Government in the oil business; it is a hindrance not a help. Moreover, they say, there is no point in it; not legal title to ownership but sea-power—the power to seize oil and to safeguard its transport by sea—is what will secure to a nation its oil-supplies in time of war. (Rather significantly, however, they neglect the fact that in peace-time the Government may have to pay for oil whatever price the oil monopolists choose.) Messrs. Davenport and Cooke accordingly recommend as a solution of the immediate problem that the Government should abandon direct participation in oil production, and should declare the principle of the Open Door—free right of American prospecting for oil in British territory, free right for British companies to take up

* *The Oil Trusts and Anglo-American Relations*, by E. H. Davenport and Sidney Russell Cooke (Macmillan, 7s. 6d. net.).

† *The World Struggle for Oil*, by P. L'Eshagnol de la Tramerye, Trans. by C. L. Leese (Allen and Unwin, 8s. 6d. net.).

‡ For instance, leases to subsidiaries of the British combine have been forbidden in U.S.A. The State of Oklahoma is taking steps to prevent foreign companies operating oil-lands in Oklahoma.

oil-leases in American territory. It is significant that the book appears just at the time when the sale of the Government's shares in Anglo-Persian Oil is in question ! It is significant too that the villain in this piece throughout is Standard Oil, together with the Washington Government officials who "think, talk, and write like Standard Oil officials !"

The French book, starting from the slogan on its cover that "just as the British Empire was built up on coalfields, so the Empires of the future will be founded upon the possession of oil," takes rather a different line. It traces the struggle between the British combine, Royal Dutch-Shell and the American Standard Oil for oil dominance in the world ; ending with the mournful plaint that "France, having neglected to obtain her share in the division of the world's oil, is to-day in a position of dependence upon Britain and America." And to drive home this chilling impression on French readers, so that they may be spurred to action themselves, is clearly the guiding *motif* of the book. Up to 1910 Standard Oil had the virtual monopoly of oil the world over ; it could dictate the world price. In 1907, however, the Shell Company of London, directed by Sir Marcus Samuel, amalgamated with the Royal Dutch Oil Company of the Hague, in which the dominating spirit was Henry Deterding (now Sir). After 1910 this new combine began to oust Standard Oil, its first success being in the Chinese market. It then proceeded to create subsidiary companies, in America* and to prospect for oil under the very nose of Standard Oil. "One-third of its (Royal Dutch-Shell) total production comes to-day from the United States."

On the outbreak of war there was a third big oil combine, trying to share in the monopoly of that ever-scarce commodity, oil. This was the German *Europäische Petroleum Union*, which had interests round the Black Sea, in Galicia, Roumania and in Mesopotamia. After the war Royal Dutch-Shell was anxious to secure these properties for itself, just as in 1919 it bought from Lord Cowdray the controlling interest in the Mexican Eagle, thereby encroaching further on the Standard Oil's monopoly. Here the Government-owned Anglo-Persian stepped in, and made the notorious San Remo treaty of 1919, by which Britain agreed to share with France the exploitation of these former German properties.

An interesting divergence of opinion here arises. M. Tramerye complains that in this San Remo agreement the French were in effect forced into dependence on Great Britain ; France was excluded from any more than a minor participation in these resources, except in the

* *Roxana Petroleum Coy.*, in Oklahoma, and the *Shell Company of California*. They cleverly got part of the shares in these companies subscribed by Americans, thereby making certain Americans unwilling to hamper British oil companies.

case of Roumania. In the view of the English writers the concessions made to France were unduly generous. The British had had a share with Germany in the Turkish Petroleum Company (operating in Mesopotamia) before the war, while France had had none. But yet at San Remo "France was assured of a quarter of the oil supplies of Mesopotamia, to which she had no previous claim!" Maybe, if negotiations had been left in private hands, Royal Dutch-Shell, uninfluenced by sentimental and diplomatic motives, might have struck a harder bargain? The Combines do not always like the helping hand of their states to be too evident.

At any rate there is no doubt about the effect of the San Remo Treaty. Americans immediately began to fear a British oil-monopoly with the world price of oil dictated by the British trust. Formerly the American public had been distrustful of Standard Oil as an extortionate monopoly. But with the growing imperialist spirit Standard Oil became an integral part of "100-per-cent.-Americanism." Distrust turned to sympathy and then to ardent loyalty—especially in view of the fact that there were 60,000 small shareholders on the lists of the Standard Oil Company of New Jersey. The Government became the voice of Standard Oil, more especially after the rise of President Harding's "big business administration." The office of the Secretary of State became like "any other branch of Standard Oil."* American diplomatists abroad became mere agents of the big Trust. Protests were sent from Washington to the Dutch Government against the exclusion of American capital in the Dutch East Indies. Complaints were made to Lord Curzon against the "closed door" in the oil areas of the British Empire. To annoy Great Britain it was moved at Geneva to reconsider the League of Nations colonial mandates.

Then came the Genoa Conference—Lloyd George's great conference to stabilise Europe. Here behind the scenes the agents of Royal Dutch-Shell met the representatives of Soviet Russia to arrange a lease of the oil fields in South Russia. A newspaper report declared that an agreement had actually been arrived at. Whereupon "American apathy in the proceedings was suddenly changed into anxious interest . . . Standard Oil set its unofficial machinery in motion."† It influenced the French and Belgians to oppose the British proposals. The French had had a few oil rights in Russia in pre-war days. They, therefore, declared for restitution of all nationalised property in Russia to former owners. "America once more officially declared for the 'open-door' policy, while unofficially Standard Oil backed the French and Belgian stand on the terms of the Allied note to Russia."‡ So

* Davenport and Cooke, 9. 88.

† Davenport and Cooke, pp. 131-2.

‡ Davenport and Cooke, p. 132.

the liberal dreams of Genoa were shattered by the rude realities of Imperialism ! Sir Henry Deterding consoled himself by making an agreement with M. Krassin for the marketing of 200,000 tons of Russian petroleum, an agreement greatly resented by the French and Belgian interests.

To appease America the British Government proceeded to make important concessions to Standard Oil in the matter of Mosul oil. It will be remembered that Mosul oil was the chief issue at the Lausanne Conference. Fifty per cent. of the Anglo-Persian's half-interest in the Turkish Petroleum Company was given to Standard Oil, much to the displeasure, apparently, of Royal Dutch-Shell. Similar concessions were offered in Northern Persia. But the U.S.A. Government on its side was applying "pressure" in the shape of reprisals on British interests in American territory. It was also directly or indirectly encouraging a revolution in Mexico, where British oil interests were particularly favoured. It was for these reasons that Royal Dutch-Shell, drawing one-third of its oil supplies from American soil, began to be anxious that the principle of the "open door" should be generally adopted. Maybe, also, it is to indemnify itself against any loss it may suffer from this that it is anxious at the same time to take over the resources of Anglo-Persian Oil.

Whether France gained or lost at San Remo, Genoa, and the Hague it is difficult to say. At any rate she is determined to be dependent no longer for oil supplies on a British Trust or an American. French finance is consolidating her investments in Roumania. She has secured special privileges for French oil companies in Poland. A State oil bureau is being set up to encourage prospecting for oil in French territory. She is even flirting with Soviet Russia—maybe with one eye on the oil of Baku ! So the struggle of the big Imperialist groups goes on.

Now, one of the first questions before the Labour Government will be whether it is to sell or to retain its holdings in Anglo-Persian

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Oil. No doubt it will decide to retain them, and the decision will be hailed as a victory for Socialism. But this will not necessarily be so. As past history shows, that all depends on the *aim* of the State control. If the State under a Labour Government still maintains its imperialist aims and is still dominated by its imperialist personnel, the policy of government-controlled oil will be as much an imperialist one and have as disastrous results as before. Only if a Workers' Government cuts itself adrift from Imperialist aims, breaks the dominance of the bourgeois personnel which administers State policy, and uses its control of resources, not to strengthen British capitalism, but as a weapon to weaken capitalism both at home and abroad, will this danger be avoided. Mere liberal phrases about an "open door" merely play into the hands of one Combine or other. Meanwhile, perhaps, we can say with Messrs. Davenport and Cooke that there is no need in our interpretation of international politics to "preach the 'hidden hand' of the oil interest ; (for) one finds more often than not that the hand is openly disclosed without even its customary glove !"

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