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**To cite this article:** Jonathan Conlin (20 Aug 2024): 'Fouled by Oil'? Oil Diplomacy and the Lausanne Conference, 1914–1928, *The International History Review*, DOI: [10.1080/07075332.2024.2393642](https://doi.org/10.1080/07075332.2024.2393642)

**To link to this article:** <https://doi.org/10.1080/07075332.2024.2393642>



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Published online: 20 Aug 2024.



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# 'Fouled by Oil'? Oil Diplomacy and the Lausanne Conference, 1914–1928

Jonathan Conlin

## ABSTRACT

The centenary of the 1923 Lausanne Treaty has seen historians challenge the familiar view of this re-settlement of the defeated Ottoman Empire as an enduring success, drawing attention to the ways in which the treaty validated a mandatory population exchange, now viewed as a form of ethnic cleansing. This reappraisal of Lausanne's place in fashioning a new Middle East order has yet to address oil diplomacy. Competition among governments, oil companies and concession-hunters for rights to the oil of the former Ottoman Empire, in particular Mosul, inspired considerable speculation at the 1922–3 Lausanne Conference, and continues to fuel conspiracy theories surrounding Lausanne's 'secret clauses'. A tendency to tell the history of oil diplomacy in the first half of the twentieth century from the perspective of nation-states has made it difficult to explain the success with which emerging MNEs manipulated host governments, rather than being tools in the hands of statesmen pursuing energy security/energy independence. This essay argues that we need to assign oil companies greater agency if we want to understand the emergence of a global oil cartel.

## ARTICLE HISTORY

Received 24 March 2024  
Accepted 13 August 2024

## KEYWORDS

Oil diplomacy; energy security; Middle East; Iraq

A week before the Treaty of Lausanne was signed in July 1923 the British diplomat Nevile Henderson wrote to a colleague at Lausanne, Andrew Ryan:

the end of the Lausanne Conference is indeed a sordid anti-climax: squabbling over money and rights of capitalists, with an America fouled by oil in the back-ground and the spirit of an insolently triumphant Angora towering over all. Alas, what will be the judgment of history, both contemporary and future, of the treaty which you seem to be on the eve of signing?<sup>1</sup>

While historians of the collapse of the Ottoman Empire have largely ignored Lausanne, diplomatic historians' judgment of the treaty has been favourable.<sup>2</sup> Michael L. Dockrill and J. Douglas Gould referred to it as 'the most successful treaty of the post First World War settlements, and one of the most enduring international documents of the modern era'.<sup>3</sup> For Zara Steiner, Lausanne was 'the most successful and durable of all the post-war settlements'.<sup>4</sup> 'Success' is a matter of durability, it seems: the treaty is the only post-WWI treaty to remain in force today.

Centenary monographs by Michelle Tusan and Jay Winter argue that Lausanne should be seen, not as a chapter in a story of 'how the West made the Middle East', but as a settlement with wider implications for 'the civilianisation of war'.<sup>5</sup> Hans-Lukas Kieser contends that 'Lausanne made Europe and international diplomacy safe for Fascist party-states, minority repression, and future genocides', by failing to hold genocidaires to account and by sanctioning ethnic cleansing

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by mandatory population exchange.<sup>6</sup> Oil hardly figures in these works, however, or in Adam Tooze's study of the remaking of the international political and economic order after the Great War.<sup>7</sup> This is striking, given that press coverage of the Lausanne conference in 1922–3 was fixated on the attempts of diplomats and concession-hunters to secure oil rights, notably to Mosul, in the north of the new Hashemite Kingdom of Iraq. In the *New York Times* and *Le Temps* as well as the Turkish satirical magazines *Akbaba* and *Karagöz* oil sometimes eclipsed more important matters, such as the status of the Straits, the Ottoman Empire's vast debts and the fate of 'minorities'.

British forces occupied the Ottoman vilayet or province of Mosul in 1918. At the San Remo Conference in April 1920 Britain, France, Italy and Japan agreed that it and two other vilayets of Baghdad and Basra would be awarded to Britain under a League of Nations mandate for Mesopotamia (Iraq). The Ottoman government accepted this arrangement when it signed the Treaty of Sèvres in August 1920, a treaty which also promised territories north and east of the city of Mosul to new Armenian and Kurdish states. Mustapha Kemal (Atatürk) and the Grand National Assembly in Ankara refused to accept the authority of Sultan Mehmed VI and his ministers in Istanbul to cede these lands. The Turkish Nationalist manifesto of 1920 known as the Misak-i Milli (National Pact) declared the vilayet of Mosul sovereign Turkish territory. The Turkish War of Independence (1919–1922) saw Kemalist armies defeat French and Greek forces that had occupied Anatolian territories promised them by Sèvres. In the Chanak Crisis of October 1922 Kemalist and British forces stationed in the Straits Zone came to the brink of conflict. Neither Britain's Dominions nor the French were prepared to stand with Britain, and the resulting crisis swept prime minister David Lloyd George from office. The Lausanne conference marked the arrival of Kemal's 'New Turkey' on the international stage, a new Republic eager to modernize its economy, while retaining economic sovereignty. Whether Kemal's emissary at Lausanne, Ismet (İnönü) would confirm pre-1914 oil concessions granted by the vanished Ottoman Empire, or seek a new partnership was far from clear. Nor was it clear if Kemal was ready to fight for Mosul, given his country had now been fighting for a decade, since the Italian invasion of Ottoman Tripolitania in 1911.

The head of the British delegation at Lausanne, Foreign Secretary George Nathaniel Curzon, opposed Ismet's claim to Mosul, insisting that the province belonged to Iraq. Given the aforementioned press coverage, Curzon was careful to justify this policy on grounds of ethnography and the need to give Iraq a defensible northern frontier – denying that oil had been a factor. Mosul's oil had not in fact been a British war aim, at least, not until the very end of the war, when oil companies requested that the government recognize it as such.<sup>8</sup> As far as Curzon was concerned rights to Mosul's oil still belonged to the Turkish Petroleum Company (TPC), under the so-called *Lettre Vizierelle* of 28 June 1914, in which the Ottoman grand vizier promised TPC an oil concession for the vilayets of both Mosul and Bagdad.<sup>9</sup> The Ottoman-Armenian Calouste Gulbenkian had founded TPC in 1912, to bring rival oil companies together in a joint venture, while protecting the Ottoman Empire from the diplomatic strings attached to French loans and concessions.<sup>10</sup>

TPC's original shareholders (apart from Gulbenkian himself) were the Anglo-Persian Oil Company (APOC, now BP), Royal Dutch-Shell and Deutsche Bank. APOC and Royal Dutch-Shell subsequently evicted Deutsche Bank in order to make room for both a French and an American consortium, the latter led by Standard Oil of New Jersey (Jersey Standard, now ExxonMobil). Under the Red Line Agreement of 1928 the oil majors we know today as BP, Shell, ExxonMobil and TotalEnergies undertook not to exploit the oil of 'the former Ottoman Empire in Asia' except through TPC. Although the 'Red Line Area' within which this 'self-denying ordinance' applied did not include Iran or Kuwait, it otherwise embraced most of the Middle East.<sup>11</sup> As Timothy Mitchell noted in his 2013 book *Carbon Democracy*, TPC is central to a wider story of how an emerging international oil cartel denied agency to oil-producing countries and their citizens.<sup>12</sup>

'Emphasizing the commercial agreements rather than the diplomatic controversies', in the 1970s Geoffrey Jones and Michael J. Hogan's approach to the history of oil diplomacy was

attentive to the ways in which the executives of APOC, Jersey Standard and Royal Dutch-Shell took advantage of the 'chaos in post-war British oil policy', as well as similar inter-departmental wrangling within the United States government in the years immediately prior to Lausanne.<sup>13</sup> As Hogan and Jones demonstrated, before World War I officials on both sides of the Atlantic had seen-sawed between mercantilist and laissez-faire policies, between conflicting mantras of 'control' (i.e. limiting diplomatic support to companies under the control of their fellow citizens) and the 'Open Door' (i.e. demanding an end to spheres of economic interest). Guided by oil executives, governments redefined these concepts in the post-war years, to 'reconcile' them with a 'private vision of constructive development through multinational management', bringing them 'into line with the realities of business enterprise as defined by private petroleum officials'.<sup>14</sup> Unfortunately this approach was eclipsed by the more state-centred approach adopted by Marian Kent and Fiona Venn, historians whose work was strongly influenced by geopolitical approaches, as well as by the oil crisis of 1973.<sup>15</sup> The emergence of a distinct sub-discipline of 'business history' (of which Jones became a leading practitioner) saw the production of rigorous, multi-volume histories of individual oil companies, as well as bestselling industry surveys by Anthony Sampson and Daniel Yergin. But there was little dialogue between the scholars responsible for these works and historians of oil diplomacy.<sup>16</sup> Instead of engaging with business historians, attentive to factors such as cartelisation, rent-seeking behaviour and lobbying, Kent, Venn and other historians of oil diplomacy favoured narrowly geopolitical approaches, built around concepts such as energy security and energy independence. As Anand Toprani notes, 'the study of the geopolitics of oil begins with World War I'. Geopolitical accounts can be somewhat static: 'changes in government or regime type' do not challenge the 'underlying aims or strategies' of 'energy independence'. 'Aggressive companies, like 'a powerful navy', can be seen as 'tools', by which empires and states pursue these aims.<sup>17</sup>

This essay revisits Lausanne in the company of the oil men, bankers and *brasseurs d'affaires* that sought access to Mosul's oil, as well as the economic and financial advisors attached to the Turkish, American and other delegations. On paper the latter's duty lay in policy delivery. In practice they often pursued their own agendas, eager to collude with private enterprise – 'to bring off a deal with somebody or other about something', as one British official put it.<sup>18</sup> In seeking to restore agency to the oil companies (Royal Dutch-Shell, Anglo-Persian, Jersey Standard) and financial interests (Deutsche Bank, N. M. Rothschild & Sons) behind them, I draw on the work of Geoffrey Jones as well as Gregory Nowell, whose *Mercantile States and the World Oil Cartel* (1994) told a story of 'transnational structuring', rather than nation-centred concepts of energy security or mercantilism. 'The operations of the world hydrocarbon cartel bring to light the behaviour of nonstatal actors and leaders bent on nonstatal objectives', Nowell noted. 'Corporations structured the world of states not as nationally based lobbies striving for occasional modifications to purely national laws and policies, but as agents for control of international economic development'.<sup>19</sup> A political scientist, Nowell did not find much of an echo, certainly not among historians of French oil diplomacy wedded to mercantilism.<sup>20</sup> It was a sign of how divided 'oil diplomacy' and business history had become that Nowell's conclusions, so challenging to Kent and Venn, struck Geoffrey Jones as 'rather straightforward'.<sup>21</sup>

This article consists of three parts, each devoted to one of the main claimants to Mosul's oil: Deutsche Bank, TPC and the Chester Concession. Far from ending with the outbreak of war in November 1914, Deutsche Bank's involvement in the famous *Bagdadbahn* (Berlin-Baghdad railway) and its associated oil concessions evolved during the conflict. The Bank passed control of these assets to a Swiss bank, which protected them from seizure by the Allied Reparation Commission after peace broke out.<sup>22</sup> At Lausanne in December 1922 the Deutsche Bank made an abortive attempt to relaunch the railway and its associated oil concessions. The next section turns to TPC. The conference came in the middle of negotiations over the makeup of TPC, negotiations that continued until the Red Line Agreement of 1928. Although attempts by the British to have TPC's concession confirmed in the Lausanne treaty failed, by the end of the conference

in July 1923 the powerful American consortium led by Jersey Standard was happy to enter the TPC tent. Jersey Standard owed its quarter share of TPC to its skilled manipulation of the State Department, whose support it secured by invoking the Open Door principle, first articulated by American Secretary of State John Hay in 1898. This principle held that foreign direct investment should not be restricted by imperialistic spheres of influence. The final section considers a third contender for Mosul's oil, the Chester Concession, named after Rear-Admiral (USN) Colby M. Chester.<sup>23</sup> Chester signed a preliminary protocol for this vast, 3,000km railroad concession with the Ottoman Ministry of Public Works in 1910, but opposition from European rivals prevented him from realizing his plans.<sup>24</sup> As we shall see, Ismet and the Grand National Assembly in Ankara used the Chester Concession to prise the Americans away from TPC and the British. Meanwhile Curzon's attempt to force Royal Dutch-Shell and APOC into letting the Turks, Italians and Iraqis into TPC proved unsuccessful. Although oil executives, bankers and the lobbyists they employed invoked concepts of sovereignty, control and the Open Door familiar from the communiqués of statesmen and diplomats, they did so in pursuit of cartelisation and non-competitive practices. Although those same statesmen and diplomats sought to push back, they came to see the advantages of the resulting oligopoly for the orderly development of the Middle East's oil reserves.

## 1. 'Biting on granite': Deutsche Bank and Orientbank

Deutsche Bank entered the Ottoman Empire in 1888 and signed the Baghdad Railway contract in 1903. As railway concessions came with mining rights either side of the *tracé*, it is impossible to separate the history of the *Bagdadbahn* and other Middle Eastern railways from that of the emerging international oil industry – or from the history of the Ottoman Empire's relationship with foreign direct investment (FDI).<sup>25</sup> At the end of 1913 railroads accounted for 63% of FDI in the Ottoman Empire, dwarfing banking (12%), as well as utilities, commerce and industry (each representing around 5%).<sup>26</sup> Under a 1912 contract the Bank agreed to pass its Ottoman oil rights to TPC, in return for a 25% share in the company. But Deutsche Bank had not actually transferred the rights when war broke out. The British Custodian of Enemy Property seized Deutsche Bank's 25% share of TPC (a company registered in London).<sup>27</sup>

But that meant nothing in Berlin or Istanbul. In January 1916 the Ottomans informed Deutsche Bank that they no longer considered the pre-war makeup of TPC valid.<sup>28</sup> Though the Ottoman, Austro-Hungarian and German empires were brothers in arms, when it came to Mesopotamian oil things were not so harmonious. Ottoman Finance Minister Mehmet Cavid warned Deutsche Bank that they were in a 'steeple chase' for Mesopotamian oil, at risk of falling behind Austrian investors with oil interests in Galicia.<sup>29</sup> The Ottoman Minister of War, Enver, claimed that the Germans wanted 'to suck Turkey dry'.<sup>30</sup> Deutsche Bank recognized that it had to make concessions, or find itself 'biting on granite'.<sup>31</sup> Ottoman ministers and Deutsche Bank drew up a new convention in which a 'Credit National Ottoman' would hold 30% of a new Ottoman-German joint-venture, with the right to produce oil across the whole of the Ottoman Empire, rather than just the two vilayets of Mosul and Baghdad.<sup>32</sup>

In late 1917 the German army's oil survey struck oil near 'Cajara' [Qayyara] in Iraq, thereby discovering an oil field currently estimated to hold 800m barrels – a landmark normally dated to 1927. By March 1918 the Germans were planning two pipelines, one to Alexandretta (Iskanderun) on the Mediterranean, the other to the Persian Gulf.<sup>33</sup> Seven months later British forces took control of northern Mesopotamia, having marched up from Basra, in a campaign to which the British Empire had committed 890,000 largely Indian troops. By the time Britain and the Ottomans signed the Armistice of Mudros on 30 October 1918, Mosul was under British occupation.<sup>34</sup>

Yet the story did not end there. Deutsche Bank had mortgaged the majority of shares in its Anatolian Railway subsidiary to debenture holders of the Bank für Orientalische Eisenbahnen (Orientbank) in Zurich.<sup>35</sup> Article 260 of the Versailles treaty, that authorized the Allied Reparations

Commission to demand that the German government surrender 'any rights and interests of German nationals...in any concession operating in Russia, China, Turkey, Austria, Hungary and Bulgaria' did not apply to Swiss assets.<sup>36</sup> Orientbank's possession of Deutsche Bank's railway and oil assets was not a secret. In 1919 two London banks, Schroders and N. M. Rothschild & Sons formed a joint-venture, Anglo-Turkish Trust Company, with the aim of taking control of Orientbank. French and Italian investors asked to be let into the Trust, citing the terms of the Tripartite Agreement signed at the San Remo conference in April 1920. Schroders and Rothschilds were not keen on that idea. They also feared that 'American buyers may anticipate us'.<sup>37</sup>

Articles 294 and 295 of the 1920 Treaty of Sèvres provided for the liquidation of railroads owned by Turkish or German companies. An arbitrator appointed by the League of Nations was to assign these assets a value. Deutsche Bank's Arthur von Gwinner observed that this only made Orientbank more appealing. The arbitrator would set 'an enormous sum' for 'the total value of the assets concerned'. Granted, buyers could take comfort that they were paying this sum to the Reparations Commission, rather than to Germans. But what was that to men of business? 'Nobody who wants control of Turkish railways can buy it anywhere as cheaply as they can from us'.<sup>38</sup>

In 1920 Deutsche Bank was talking to Anglo-Turkish Trust, Stern Brothers (also of London), Alfred Cottier (Banco di Roma), Bernardino Nogara (Banca Commerciale Italiana), Edward Robinette (Stroud & Co.) and William Coffin (US General Consul in Istanbul).<sup>39</sup> Robinette and Coffin acted as intermediaries with Walter Teagle of Jersey Standard, who took an option to buy control of Orientbank. A German shipping line, Hapag-Lloyd, had restarted some of its pre-war transatlantic routes, thanks to a deal with New York bankers. If 'the Americans are no longer holding quite so tightly to the iron ring placed around our necks by the Entente [Britain and France]', noted Franz J. Günther, nobody could object to Deutsche Bank proposing a 'combination with the Americans' over Orientbank.<sup>40</sup> Teagle extended the option twice, but subsequently allowed it to expire on 1 December 1920.<sup>41</sup>

Former head of the Anatolian Railway Company, Günther was the natural choice to defend Deutsche Bank's interests at the Lausanne conference. Once installed in the Hotel Cecil, Günther was struck by how much talk there was of oil. 'The press corps here talks only of petroleum, and so we view the whole peace conference mesmerized by that catchword'.<sup>42</sup> Among Günther's closest contacts in the Turkish delegation were Cavid and the former Ottoman Director General of Railways, Muhtar: 'a fanatical Nationalist and Muslim...in his way another kind of Cavid'.<sup>43</sup> Günther hoped to rope them into his plans to revive Deutsche Bank's railroad and oil interests. Given anti-German feeling in Turkey as well as in Britain and France, however, Günther needed an American partner to buy control of Orientbank. He encouraged American diplomats and concession-hunters at Lausanne to stand up to the British and stay out of TPC.<sup>44</sup>

In December 1922 Russian Commissar for Foreign Affairs Georgy Chicherin approached Günther, having heard of the plan to sell Orientbank to the Americans. 'We are more or less allies now', he noted; a reference to the Treaty of Rapallo, which Germany and Russia had signed eight months before, upsetting the 1922 Genoa Conference. Unlike other banks Deutsche Bank relinquished any claims to Tsarist debt, allowing it to take advantage of Rapallo to launch new projects that provided Soviet Russia with trade finance.<sup>45</sup> Though grain exports were declining, the Bolshevik government had plenty of oil, having seized the Caucasus from anti-Soviet 'White' forces in 1919, nationalizing the oil wells of Grozny and Baku, including wells owned by Jersey Standard and Royal Dutch-Shell.<sup>46</sup> Lincoln Steffens and other journalists covering the Genoa Conference made hay with rumours of secret bilateral oil deals between the Bolsheviks and western oil interests.<sup>47</sup> At Lausanne Günther's reply to Chicherin was firm. 'No, Georgy Vasilyevitch, what I want is for you to do nothing'.<sup>48</sup>

Günther's plan was coming together without Chicherin's help, thanks to an Economic Advisor to the American delegation, Julian E. Gillespie, a Texan who had been Assistant Trade Commissioner in Istanbul since 1920. Gillespie had pretensions to be a 'fixer but more resembled the often-reviled

“concession hunter”<sup>49</sup> He told Günther that he wanted a job in the private sector, and claimed to have influential contacts that could get the State Department to support Günther’s plan for ‘a combination of the US, Orientbank, Germany and Turkey’. Muhtar considered this plan ‘the best option’.<sup>50</sup>

One suspects that both Gillespie and Muhtar were acting on their own authority, encouraged by Günther. Gillespie’s superiors viewed him as a loose cannon, ‘notorious for befriending the Turks’.<sup>51</sup> By mid December Muhtar was back-peddalling.<sup>52</sup> Gillespie agreed to travel to Berlin and negotiate the sale of Orientbank to Jersey Standard, only to hesitate. Günther chivvied him, asking if the Americans ‘wanted to be the hammer or the anvil’ – as in, did they want to hammer the British and TPC, or be hammered by them.<sup>53</sup> The US High Commissioner in Turkey, Admiral Mark Bristol, was also enthusiastic about the Orientbank plan, and lobbied powerful friends in Congress.<sup>54</sup> By 20 December 1922 Gillespie was back in Lausanne, ‘confident of a good result’.<sup>55</sup> Jersey Standard had once again taken an option on the Orientbank. Jersey Standard chairman Alfred Bedford refused to accept the decisions regarding Iraq and its oil taken at the San Remo (which the United States had not attended), seeing the conference as an imperialist Anglo-French carve up. As he put it to Edouard Huguenin of Deutsche Bank, ‘America...considers all arrangements concluded without her to be null and void. When it came to mandates, she wanted the same rights as the others, who had only won the war thanks to her’.<sup>56</sup> This rhetoric was grist to Günther’s mill.

Günther was delighted when Cavid finally arrived in Lausanne, his ‘big bald head lighting up the vestibule of the Palace Hotel like the sun’.<sup>57</sup> But Cavid was not interested in helping Deutsche Bank. As Mosul’s oil was ‘not a vital question [*Lebensfrage*] for Turkey’, Cavid argued, it made no sense for the Turkish delegation to fight for Mosul:

The English game plan if the Turks did not give in was to keep the mandate [for Iraq], produce oil and Turkey would get nothing. But if Turkey played along then the mandate would go back to the League in exchange for the concessions and other advantages for Turkey in oil and other matters.

If Jersey Standard bought Orientbank, in other words, the Iraqi mandate would remain in British hands, and Orientbank’s rights would be worthless.<sup>58</sup>

The idea that the British might hand back the League of Nations mandate for Iraq was by no means fanciful. Kurdish resistance and press baron Lord Rothermere’s ‘Out of Mesopot’ [i.e. Mesopotamia] campaign had left British Prime Minister Andrew Bonar Law ‘longing to clear out of Mosul’, and his Colonial Secretary, Lord Devonshire, was open to the idea.<sup>59</sup> As if in preparation, in mid-December 1922 Ismet announced to the Grand National Assembly in Ankara that Turkey would join the League ‘as soon as peace was concluded’.<sup>60</sup> Rather than opposing the violent ‘Turkification’ of the Republic championed by Kemal, as Carolin Liebisch-Gümüs notes, the League ‘supported nationalist exclusivism and majoritarianism’.<sup>61</sup> Fearful of how any trace of flexibility over the Mosul question might be perceived in Ankara, Ismet’s position hardened just before Christmas, after Curzon categorically refused to cede Mosul to Turkey. Turkey would not join the League until 1932. Jersey Standard allowed their option on Orientbank to lapse, turning their attention to the possibility of getting 25% of TPC.<sup>62</sup>

## 2. ‘The Turkish Petroleum Co tea-party’: TPC vs. the Open Door

In late 1922 Royal Dutch-Shell and APOC had yet to agree among themselves how best to satisfy French and American interests eager to join them inside TPC. At San Remo in April 1920 Sir John Cadman of His Majesty’s Petroleum Executive (the British government agency for oil policy) and Philippe Berthelot of the French Foreign Ministry had signed a secret oil agreement (which did not remain secret for long). This promised France the 25% share of TPC sequestered in 1914 by the British Custodian of Enemy Property. For the French state this was an unexpected opportunity to make up for the weakness of the French oil industry. Prior to 1914 French oil refiners and

distributors (the *Cartel de Dix*) had been the vassals of Standard Oil, unwilling to seek their own oil concessions or buy oil from another supplier. During the war Royal Dutch-Shell had presented itself as a rival partner, eager to help the French state secure access to oil on more favourable terms, and reduce the French refining industry's reliance on Standard. The company coached the French foreign ministry to demand that the 25% share of TPC promised to France be given to one of Royal Dutch-Shell's French subsidiaries. This ambitious ploy was unsuccessful.<sup>63</sup> But the French Foreign Ministry remained unsure who should receive the 25% of TPC. In 1924 it pulled together a consortium of Paris-based refiners and banks in the shape of a new *Compagnie Française des Pétroles* (now TotalEnergies), to which it passed the shares, in the hope of creating a national oil champion.<sup>64</sup> But in 1922 the French Foreign Ministry was playing for time, hoping that supporting the Americans and their 'Open Door' might secure it something more than a stake in TPC.

For Royal Dutch-Shell and APOC, leaving the French or Americans outside the TPC tent risked them taking advantage of the Lausanne Conference, to challenge TPC's shaky rights in the former Ottoman Empire or, worse, find alternative ways into the region's oil. Jersey Standard, Socony and the other 'sisters' to emerge from the breakup of the Standard Oil Trust in 1911 were already concerned at the speed with which Royal Dutch-Shell was expanding its activities in the United States, Mexico and Venezuela. By 1915 Royal Dutch-Shell was the 'most profitable and most truly international of the world's oil companies'.<sup>65</sup> By 1929 it controlled 41% of world production outside the US, when all American companies combined had 29%.<sup>66</sup>

Annoyed at repeated instances of British military administrators restricting its geologists' movements around Palestine and Mesopotamia in 1919, Jersey Standard and Socony mounted a media campaign – the so-called Oil War.<sup>67</sup> They persuaded many Americans (including State Department officials) that an 'English Government-Directed Octopus' was poised to monopolize the world's oil reserves, in defiance of the Open Door principle.<sup>68</sup> Jersey Standard and Socony's campaign led the State Department to send a diplomatic note to Curzon, asking that TPC's rights under the *Lettre Vizierielle* be put to international arbitration. That would have been a major setback for APOC and Royal Dutch-Shell.<sup>69</sup>

A British government conspiracy for world domination was as fanciful as the suggestion that the United States' domestic oil reserves were running out.<sup>70</sup> Though the Foreign Office recognized its 'artificial' nature, the Oil War persuaded them, as well as APOC and Royal Dutch-Shell, that room would have to be found inside TPC for American interests.<sup>71</sup> APOC chairman Charles Greenway took the first step in November 1921, writing to Bedford suggesting 'friendly cooperation' with Jersey Standard in North Persia (a joint venture to exploit the Khostaria Concession). Bedford replied enthusiastically. Far from restricting cooperation to Persia, 'further amalgamations should be considered', especially 'if [as] a result of this wedding we became more in love with each other's methods'.<sup>72</sup> The Oil War helped Jersey Standard secure joint ventures in Persia, Russia and Romania as well as Iraq.<sup>73</sup> The Oil War almost persuaded the State Department and Foreign Office to add a bilateral US-UK oil agreement to the agenda for the Washington Naval Conference, that opened in November 1921.<sup>74</sup>

Relying principally on public, rather than corporate archives, historians of the Oil War have viewed it as a diplomatic rather than a commercial contest, and hence have puzzled over a 'mysterious slackening in the barrage of [American diplomatic] notes' in 1922.<sup>75</sup> This was hardly a mystery: once Jersey Standard and Socony got their 'wedding' with their rivals on the other side of the Atlantic, they told the State Department to stop writing notes.<sup>76</sup> Though he was careful not to tell Bedford as much, the APOC emissary sent to the United States in 1921 to improve relations with Jersey Standard recognized 'that for political reasons we should like to see [Jersey] operating' in North Persia, 'as a buffer to the general Bolshevik tendency' in that region.<sup>77</sup>

Jersey Standard and Socony also pulled strings at the French Foreign Ministry: a loan from Socony and Turkish promises of economic concessions had allegedly 'lubricated' the 1921 Franklin-Bouillon Agreement, which saw France unilaterally recognize the new Ankara regime.<sup>78</sup>



The British government believed that Standard companies were funding anti-British unrest in Iraq.<sup>79</sup> The French parliamentarian Henri Franklin-Bouillon returned to Ankara in 1922, reportedly securing 'a definite concession' to exploit the oil in all the territories 'which the Kemalists hope to get assigned to them at the Lausanne Conference'. J. C. Clarke of the British Petroleum Executive was concerned that 'the Standard are also spoken of as parties to this scheme'.

As the Lausanne conference opened in November 1922, Clarke was in 'no doubt' that Standard 'consider themselves entirely free and entitled to negotiate with anyone who comes along'.<sup>80</sup> Although Jersey Standard had been offered 12% of TPC, Teagle was wondering if TPC was the ticket to Mosul's oil.<sup>81</sup> There were, after all, alternatives: Jersey Standard could buy control of Orientbank, Chester, or the so-called Sultan's Heirs, who claimed ownership of promising oil territories acquired by Sultan Abdülhamid II decades before.<sup>82</sup> All three were in better odour with Ankara than TPC was. On his way to Lausanne by train, Clarke found himself sharing a compartment with a Royal Dutch-Shell executive. Clarke told him that both the Foreign Office and the British Board of Trade believed that 'the psychological moment' had come to tell the Americans that they would get, not 12%, but 20% of TPC.<sup>83</sup>

Would that be enough to ensure that the Americans stopped 'backing the other horse in Lausanne'?<sup>84</sup> And would Royal Dutch-Shell and APOC obey orders from government agencies? A week earlier the leaders of the American delegation at Lausanne, Richard Washburn Child and Joseph Grew, informed Secretary of State Charles Evans Hughes that the Turks were eager to work with American interests to extract the oil of Mosul, on the understanding that the vilayet would be given to Turkey. Given this opportunity, Child and Grew asked whether it was worth pushing for an Armenian National Home, a cause dear to American missionary groups. 'How far shall we go in initiating and pressing for a point which may be lost and will invite ill will of Angoran Government?'<sup>85</sup> As Andrew Patrick has shown, Child and Grew did not negotiate for an Armenian National Home at Lausanne. Instead Child and Grew encouraged Ismet to stand up to Curzon over Mosul, in hopes that a grateful Turkey would grant the oil rights to an American concessionaire. It was a case of 'oil over Armenians'.<sup>86</sup>

'It was quite evident' to the Foreign Office that if the American consortium were not given a satisfactory share of TPC, 'they were quite likely to take independent steps with the Turks at Lausanne'. 'Independent steps', of course, were exactly what Günther was hoping for. But the head of Royal Dutch-Shell, Henri Deterding, refused to be bullied into allowing the British government to carve up TPC as they wished. He deeply resented the fact that his firm only had a 25% share of TPC, when APOC had 50%.<sup>87</sup> For Deterding, this was another example of how APOC prospered, not as a result of any commercial prowess, but simply because of successful lobbying of Whitehall. This lobbying had triumphed in 1914, with the British government's acquisition of a 51% stake in APOC; less Churchillian master-stroke, more state bailout of a company whose own incompetence had brought it to the edge of bankruptcy.<sup>88</sup> His Majesty's Government's APOC shareholding had brought little by way of oil (during the war Royal Dutch-Shell had provided much more oil and oil derivatives like TNT to British forces than APOC did). Meanwhile the state's majority stake in APOC had been 'a source of political misunderstanding with the United States of America', not least the Oil War, founded on a belief (false, as it turned out) that APOC policy was set by the British government.<sup>89</sup> Having recognized that it had backed the wrong horse, misled by APOC's false claim that Royal Dutch-Shell was German-controlled, after the war the British government toyed with creating a British-controlled 'Imperial Oil Company', by selling its APOC shares to Royal Dutch-Shell. Deterding would thus get control of a despised rival, in exchange for agreeing that the boards of thirty-odd Royal Dutch-Shell subsidiaries would henceforth have a three-quarters majority of British-born British citizens (thereby securing British 'control' of those same firms).<sup>90</sup> In 1922 a Cabinet Committee on Oil Companies Amalgamation decided to abandon such dreams. What did 'control' even mean? 'Attractive as is the idea of British control we have been unable to obtain from any of the witnesses examined any precise

definition of the phrase.<sup>91</sup> His Majesty's Treasury still hoped to offload its APOC shares. In May 1923 Chancellor Stanley Baldwin asked one oil executive how this could be done: APOC had become 'a dumping ground for ex-Admiralty civil servants or officers', whose decisions were 'simply incredible to any business man, they were so foolish.'<sup>92</sup>

Curzon found 'the whole squabble' among current and proposed future partners in TPC 'intensely sordid and distasteful'.<sup>93</sup> At Lausanne he sought to go over Deterding's head and push all potentially troublesome rival claimants to Mosul's oil into TPC, even if that meant cutting the TPC cake into ever-thinner slices. In early December 1922 Curzon reassured his Italian opposite number, Camillo Garroni, that the Italians would get a share of Mosul's oil, satisfying their claim under article 9 of 1915 Treaty of London.<sup>94</sup> Meanwhile Muhtar met with Clarke to demand a Turkish share of TPC. If this was granted, Muhtar promised, Ismet would drop demands for the vilayet of Mosul. The Turks would also stop challenging TPC's pre-war concession, which was (as Muhtar pointed out) not 'legally watertight'.<sup>95</sup> The idea that the British might give Turkey the province of Mosul in return for exclusive rights to its oil was taken seriously by the American delegation, who feared that such a step would deny American firms access.<sup>96</sup>

Once again, one wonders if Muhtar was acting without Ismet's knowledge. On 27 November Ismet did ask Curzon in a private meeting whether Turkey might have a share in TPC (Curzon said 'maybe') – but Ismet also insisted that Mosul belonged to Turkey.<sup>97</sup> The British delegation consulted Iraq's unofficial representative at Lausanne, Iraqi Minister of Defense Ja'far Pasha (al-Askari). The British and French had promised Iraq a 20% share of TPC at the San Remo conference. Curzon proposed that this share might be given to Turkey, to compensate it for the loss of Mosul.

'If it really gave to Iraq the frontiers which they desired and security for the Mosul vilayet', Ja'far argued, 'his government would not think the price too great.'<sup>98</sup> Though the British Colonial Office recognized that 'the Turkish Petroleum Co tea-party' was 'already too large to be comfortable (Anglo-Persian + Royal Dutch-Shell + Iraq + the French + Standard Oil) it would be better than giving Mosul back to Turkey or risking a war with Turkey for the sake of it!'<sup>99</sup> The British High Commissioner in Baghdad, Sir Percy Cox, took a different view. Cox felt it would be 'suicidal' for Iraq to give away any oil assets, and leave Britain propping up a 'beggared state'.<sup>100</sup> The 'proper and only defensible procedure' was for a company to be contracted to develop Iraq's oil on behalf of that state, rather than the company operating the concession and merely paying a royalty to Iraq.<sup>101</sup> Indian Army officers charged with administering Iraq, such as Cox and his predecessor, Arnold Wilson, were no friends of the oil companies, arguing that Iraq's oil should be exploited for the sole benefit of Iraq, without benefiting private shareholders, even British ones.<sup>102</sup>

In December 1922 APOC had formally agreed to Royal Dutch-Shell's proposed four-way split of TPC. APOC, Royal-Dutch Shell, the Americans and the French would all have 25% (Gulbenkian's 5% interest would be carried by APOC and Royal Dutch-Shell), with APOC receiving a royalty on production to compensate for its shareholding being reduced from 50%.<sup>103</sup> APOC and Royal Dutch-Shell saw no value in admitting Italy, a country in which 'there are no recognised oil interests'.<sup>104</sup> They felt the same about Turkey. Did Turkey even have the c. £2m they would need to contribute as an investor in TPC, they wondered?<sup>105</sup> December 1922 saw increasingly testy exchanges between Philip Lloyd-Greame, President of the British Board of Trade, and Royal Dutch-Shell. When the latter insisted on the four-way split, Lloyd-Greame replied that this constituted 'an attempt to force the government's hand in a grave emergency'. Having already stood firm in the face of a letter from Bonar Law himself earlier in the year, Royal Dutch-Shell 'would not yield to threats'. The company's representative in Lausanne felt that 'the position of a company exploiting oilfields would be much better in a Turkish than in an Iraqi Mosul', as the Turks were more likely to keep the Kurds 'in line' than the RAF.<sup>106</sup> Lloyd-Greame tried again, stating that 'the Peace of the East cannot be held up to suit their convenience'. If they continued to resist, His Majesty's Government would 'consider itself free to take such steps as the situation

demanded.<sup>107</sup> British officials knew their ‘bluff’ would be called.<sup>108</sup> ‘I do not quite see how we can throw the company over at this stage,’ conceded Clarke. There was ‘no alternative between continuing to support the Turkish Petroleum Company and leaving an absolutely open door in accordance with the terms of the mandate.’<sup>109</sup>

By January 1923, therefore, it was clear that Curzon could not carve up TPC as he felt the circumstances in Lausanne dictated. Worse was to follow. Early that month Muhtar and two other economic experts from the Turkish delegation at Lausanne went on a mission to London.<sup>110</sup> The banker Sir George Armstrong had encouraged the trip. Armstrong had his own representative at Lausanne, a notorious *brasseur d'affaires* described by one member of the British delegation as a ‘jackal’, busy trying to ‘act as more or less honest broker between the Turks and Ja’far.’<sup>111</sup> As Bonar Law noted in a telegram to Curzon in Lausanne, Muhtar and his colleagues were in London ‘ostensibly to arrange for a British Syndicate to work oil in Mosul for the benefit of Turks’, but were also angling to meet officials. ‘They say the sole point of disagreement which prevents signature of Treaty is Mosul & that Ismet will confirm that if this is settled Treaty would be agreed to tomorrow’. Curzon saw this as an attempt to ‘get pressure applied to me by Cabinet or [the] press in London.’<sup>112</sup> He wrote to Ismet of his ‘very great astonishment’ that ‘while you have been discussing with me the question of Mosul and its oil here [in Lausanne], you have despatched certain agents or representatives to London’, to negotiate ‘behind my back.’<sup>113</sup> British officials were indeed concerned that the Turks might bring negotiations at Lausanne to a halt, accusing the British government of allowing a squabble over oil to get in the way of peace making.

### 3. ‘Dream’ and ‘reality’: the Chester concession

In early 1923 the Turkish delegation at Lausanne seemed unsure which horse to back. In mid-January they stated that they ‘consider[ed] the property of the [former Ottoman] Civil List as private property’, and hence objected to the proposal that Civil List property situated in territories detached from Turkey (which would include Iraq) pass to those new states.<sup>114</sup> This strengthened the Sultan’s Heirs, whose claims were built around assets held by the Civil List. But in late January Turkey threw its support definitively behind Chester: on 30 January 1923 prime minister Rauf (Orbay) submitted a revived Chester concession agreement to the Grand National Assembly in Ankara.<sup>115</sup> The next day in Lausanne Curzon presented Ismet with a draft treaty, hoping to force a quick close to negotiations. Curzon announced his intention to leave Lausanne by train on the Sunday. Exhausted by ‘dreadful propaganda and struggle’, Ismet begged Kemal to relieve him of his diplomatic duties. ‘My dear gazi chief, why did you sacrifice me to such trials?’<sup>116</sup>

Ismet felt it prudent to make concessions over Mosul’s oil to secure a peace, rather than break off negotiations and return to Ankara. ‘For us, Mosul is a territory problem’, he told Curzon, ‘for you it’s an oil problem.’<sup>117</sup> But another member of the Turkish delegation, Riza Nur, disagreed:

Mosul’s oil is very necessary to us for the economic revitalisation of the country. If we give it up, it might start trouble in Kurdistan, which would hit us on our flank. It would combine with the Armenian [question]. And it would cut links with the East, which is our future...I prefer to return to Ankara.<sup>118</sup>

Kemal was clear that if Ismet returned, ‘there’s only one decision to take. We move on to military action.’<sup>119</sup> Whether Kemal would have committed regular forces to an invasion of northern Iraq is far from clear. Fortunately for him, Curzon’s plan failed, and Curzon left Lausanne first, rather than Ismet.

Curzon’s brinkmanship in early February 1923 was undermined by his French and American colleagues, as well as by Günther. Urged by Gillespie, Child raised objections to the draft’s economic clauses, as did Ismet. These clauses included one confirming pre-war concessions (including TPC’s). The British delegation was puzzled: if Jersey Standard and Socony were ‘already reconciled to the Turkish Petroleum Company by their generous participation in it’, whose interests was Gillespie serving?<sup>120</sup> Günther also encouraged Ismet not to cave over articles 81 and 95,

which would have liquidated all German assets in Turkey and Iraq.<sup>121</sup> Having delayed the Orient Express for half an hour under a pretext, in hopes Ismet would give in, Curzon departed in disgust, never to return. Hopes that a quick peace in Lausanne would give him the keys to 10 Downing Street were dashed.<sup>122</sup>

In the months before talks resumed at Lausanne in April 1923, Ismet's actions at Lausanne came in for heavy criticism at home. Curzon's proposal to refer the Mosul question to the League of Nations was viewed as a trap. A cartoon in the satirical magazine *Karagöz* showed Curzon inviting Ismet to carry 'Mosul' (a double canister of oil) to a doorway (the League of Nations) guarded by British troops. 'Don't be deceived my pasha!' Ismet is warned. 'The League of Nations is their own. If they insist on delegating the matter, tell them to delegate it to our army: then watch them sue for peace!'<sup>123</sup> At the Grand National Assembly Rauf defended the Chester concession against those deputies who argued that Turkey was selling its birthright too cheaply.

'We have oil', Rauf averred,

but (and we all remember this) how much did we have to pay for a case of kerosene during the Great War (deputies reply: 40 liras!). At the same time, hundreds of thousands of martyrs have fallen just to protect those oilfields. What I am trying to say is, yes, we have natural resources, but can we extract them, can we use them? If we say 'We have resources but we won't give them to anyone, nor will we exploit them ourselves', would that be a reasonable stance?<sup>124</sup>

The bill awarding the concession carried the following day, with 186 of the 206 deputies present voting in favour. The Ottoman American Development Corporation that controlled Chester's rights signed a convention with the Turkish government on 29 April 1923. The Corporation undertook to build and operate 4,400km of railroads and three ports, and received rights to oil and other natural resources 20km each side of the railroads' *tracé*. Secretary of State Hughes hailed Chester's triumph as 'the triumph of the Open Door policy'.<sup>125</sup> Chester himself hailed Kemal as 'a Turkish George Washington', someone eager for American business men to invest '(for their own profit)'. The Armenian Genocide was a myth, Chester claimed: Armenian 'deportees' had returned, 'entirely unmassacred and fat and prosperous'.<sup>126</sup>

Chester's scheme infringed on pre-war rights granted by the former Ottoman regime to TPC, Deutsche Bank, and French interests. These rivals did not sit on their hands. On 26 April 1923 Anglo-Turkish Trust, Deutsche Bank and Orientbank signed an agreement in Zurich, giving the Trust 52% of Orientbank. Anglo-Turkish Trust agreed to develop Deutsche Bank's railway assets in Turkey as the 'National Railways of Turkey'. Anglo-Turkish Trust's man in Lausanne, Alwyn Parker, informed Eric Forbes-Adam of the British delegation the following day, asking him to keep the news secret until Parker could find the right moment to inform the Turks, French and Italians. Forbes-Adam and Parker agreed that, if there was any diplomatic blowback from the French and Italians, they would explain that the Trust had had to act quickly, lest 'other and hostile interests' (Americans) snap up Orientbank.<sup>127</sup>

But the Turkish government's media machine was all-in on Chester. 'Every peasant in the country has heard of, and is waiting for, the "American rail-roads"; reported the American consul in Baghdad. 'The natives are all highly pleased' by this 'death blow to the Turkish Petroleum Company'.<sup>128</sup> Having tried to stay on the fence, Allen Dulles of the Near East Division of the State Department was now convinced that TPC was the only serious prospect among the American 'three ring circus' vying for Mosul (the other rings being Chester and the Sultan's Heirs).<sup>129</sup> The idea that American prestige in the Near East was bound up with Chester was frightening, as 60% of Ottoman American Development Corporation shares were now in the hands of a shady triumvirate (one of them a convicted murderer) without any serious capital or expertise behind them.<sup>130</sup> One American delegate felt 'the unpleasantest kind of shivers' when he thought 'of the certain results of a failure of the Chester affair'.<sup>131</sup> On 18 December 1923 the Grand National Assembly cancelled the Chester concession. Only 8km of railroad had been built.<sup>132</sup> The Turkish satirical newspaper *Akbaba* contrasted the Chester 'Dream' (a man in bed, dreaming of airplanes,

railroads and factories) with the 'Reality' (in which flies, a spider's web and a mosque replace the airplanes, railroads and factory).<sup>133</sup>

In 1924 the Grand National Assembly passed Law 506, under which the Turkish state bought back the Anatolian Railway. Muhtar sat on the Assembly's Budget Commission, and joined Ismet in opposing nationalisation.<sup>134</sup> After the law passed, Ismet assured Parker of the Anglo-Turkish Trust 'that neither he nor Mustapha Kemal Pasha had the slightest fear of British financial assistance', inviting the Trust to 'submit a new scheme for a new Company'. Tensions between the British and their German/Swiss partners in the Orientbank deal discouraged both from finding the capital necessary to do this.<sup>135</sup> In 1927 the Orientbank debentures fell due. Rather than extending their maturity, Anglo-Turkish Trust offered holders a package worth around 40% of their face value, and wound itself up.<sup>136</sup> Negotiations between the Turkish state and Deutsche Bank over the compensation due to Deutsche Bank for the nationalized Baghdad railway rumbled on. Although the Bank reopened its office in Istanbul and assisted German firms such as Lufthansa to enter Turkish markets, it never recovered its pre-war position.<sup>137</sup>

The final treaty, signed on 24 July 1924, did not mention TPC. In a repeat of his actions in early February, on 9 July 1923 Ismet refused to accept the proposed Concessions Protocol that would have confirmed TPC's rights. Grew played a crucial role in screwing Ismet's courage to the sticking place, even as Ismet faced 'treatment which would make the third degree in a Harlem police station seem like a club dinner'.<sup>138</sup> Britain and Turkey agreed to kick the Mosul border question down the road. Under article three of the treaty, bilateral UK-Turkey talks took place in Istanbul in May 1924, but ended without result on 5 June 1924. The matter went to the Council of the League of Nations, which (as *Karagöz* had predicted) awarded Mosul vilayet to Iraq in December 1925.<sup>139</sup> The American consortium led by Jersey Standard was now ensconced in TPC, as were the French (but not the Italians, Turks, or Iraqis). TPC signed a concession agreement with Iraq in 1925. The terms paid lip service to an 'Open Door Formula', under which TPC would have to bid for exploration plots inside Iraq. But the formula was framed so that TPC could outbid any rivals. The 'Open Door' was revealed to be 'a hoax'.<sup>140</sup> Under the 'Working Agreement' of late 1923 TPC was run so as to provide shareholders with oil at cost, rather than dividends. For Gulbenkian (who lacked the means to refine the oil he received as a 5% shareholder), this Agreement was 'damnable, dishonest, complicated and cunning'. 'It deprives His Majesty's Government of a considerable amount of Income Tax', he noted, and 'deprives the Government of Irak of legitimate rights in the exploitation'.<sup>141</sup> Renamed the Iraq Petroleum Company in 1929, the firm monopolized Iraq's oil reserves until the 1970s, defeating an attempt by an Italian-British firm to break into Iraq in the 1930s.<sup>142</sup>

#### 4. Conclusion

In the years between 1914 and 1928 the overall picture is less one of statesmen coordinating 'their' oil companies in pursuit of energy independence or energy security, and more of an emerging international oil cartel making a world safe for oligopoly. If the term 'oil diplomacy' is to be retained, we need to grant more agency to banks and oil companies, paying greater attention to the role of lobbying and the revolving door between public and private sectors. During the First World War American, British and French government agencies pooled the oil tankers of private companies in the interest of maximizing supply to Allied armies. But these state agencies were staffed by oil executives seconded from those same companies, executives who learned the value of continuing and expanding such pooling arrangements (on an inter-company, rather than inter-governmental basis) after peace broke out.<sup>143</sup> Officials who did not actually enter this revolving door were sometimes ready to disobey orders, in hopes they might enter the private sector down the line, as Gillespie hoped. All felt its pull: Child was rather fond of the idea that he might 'be involved in oil. It gives a man a sense of importance'.<sup>144</sup> For the British delegation at Lausanne, the presence of former colleagues such as Alwyn Parker (former Foreign Office

Librarian, now working for Anglo-Turkish Trust) was a source of embarrassment: while Curzon wanted Ismet to believe that no British capital would be available for the development of 'New Turkey' unless Ismet became more amenable, Parker was hinting to Turkish officials that the Trust might help secure such a loan.<sup>145</sup> Yet Parker could also write to a former colleague at the Foreign Office claiming that he would rather 'die a pauper' than be thought to be 'keeping alive German interests in Turkish Railways despite the Treaty of Versailles'.<sup>146</sup> Retired British military officers had fewer scruples: two Major Generals (Franks and Townshend) and a Lieut-Colonel (Slade) were also paying court at Lausanne and at Ankara.<sup>147</sup> Ismet reported in one cable from Lausanne to Ankara that Townshend had told him not to worry about Mosul: in a year's time the Arabs would rise against King Faisal of Iraq, and the Turks could then march in and take the province.<sup>148</sup> As far as Curzon (intercepting all Ismet's cables) was concerned, this was not the very model of a modern Major General.<sup>149</sup> The commonplace that British diplomats in particular refused to 'soil their hands with trade' needs challenging: in addition to the examples given above, Churchill and even Curzon had personal ties to oil companies.<sup>150</sup>

When commercial profit and foreign policy advantage collided at Lausanne, Curzon was clear that it was the duty of oil companies to yield to their parent governments. As he wrote in December 1922, the oil companies inside TPC

must be made to realise that the value of their rights is entirely dependent on diplomatic and political support, and that this means that due weight must be attached to political objects connected with the concession quite apart from commercial advantages resulting from a satisfactory political settlement.<sup>151</sup>

Historians such as Venn agree, claiming that 'British companies were expected, if required, to subordinate their commercial interests to the wider national security'.<sup>152</sup>

But the oil companies interested in TPC did not subordinate their commercial interests, and TPC was far from 'a diplomatic cat's paw' at Lausanne.<sup>153</sup> The oil companies got what they wanted: no Italian shareholding, no oil-for-land deals with the Turks, a four-way split of TPC, the 'self-denying ordinance', a disingenuous 'Open Door formula' and the 'Working Agreement'. The British government had already abandoned plans to create a national oil champion by forcing APOC into Royal-Dutch Shell, in pursuit of British 'control'. In Washington officials came to recognize that the Open Door was 'incapable of practical application to a situation such as that existing in Mesopotamia. From a practical standpoint, first-comers must enjoy a preference over subsequent applicants'. 'Although as a general rule monopolies are reprehensible', Dulles concluded, 'there are certain situations in which they are an economic or political necessity'.<sup>154</sup> As Michael Hogan has argued, this industry-led attempt 'to avoid the pitfalls of either ruinous competition or preferential and state-sponsored commercial policies' could chime with Wilsonian values: in a 'modern, interdependent world', both 'efficiency' as well as 'peace' were best served by leaving 'the management of the international economy in private hands'.<sup>155</sup> As Commerce Secretary and as President Hoover was particularly active in institutionalizing this 'New Competition', in which lobby groups such as the American Petroleum Institute were to be encouraged as organs by which allegedly enlightened men of business could regulate themselves.<sup>156</sup> There are clear analogies between the story told here and Simon Davis' account of Middle East oil diplomacy thirty years later: one equally marked by inter-agency rivalry, 'the infusion of oil industry personnel' into government service, 'disingenuous alarmism' and a desire by British oil companies and government 'to coopt rather than preempt US interests'.<sup>157</sup>

With a century of hindsight, one wonders if the Turkish delegation could have acquired some share of Mosul's oil at Lausanne, perhaps if the Grand National Assembly had confirmed the Chester Concession earlier.<sup>158</sup> But Ismet was nonetheless successful in instrumentalizing oil to achieve other aims, ones that he and Kemal considered more important. Turkish threats or promises to strike a side deal over Mosul's oil persuaded the Americans to forget the Armenians. The Turks were able to call Curzon's bluff in early February not only thanks to inter-Allied tensions, aggravated by the recent Franco-Belgian occupation of the Ruhr, but because (as Rauf put it),

'British public opinion would never agree to go to war with Turkey for Mosul'.<sup>159</sup> As we have seen, the Turkish delegation at Lausanne, including Ismet, had their own room for maneuver restricted by domestic public opinion.

In seeking to adopt a more balanced view of how governments and oil companies interacted in oil diplomacy, based on the study of both corporate as well as public archives, and considering cartelisation as well as geopolitics, we need to be careful of lurching to an opposite extreme – making oil men like Teagle, Deterding and Gulbenkian into all-powerful Svengalis.<sup>160</sup> To claim that the British 'cobbled together a state [Iraq]...as a vehicle to exploit a vast quantity of the resource that was to become the life blood of the global economy for the next century' is not only wide of the mark historically, it fuels dangerous conspiracy theories.<sup>161</sup> Among the most dangerous are those surrounding Lausanne's fictional 'secret clauses'. According to these theories Curzon connived with the Ottoman chief rabbi, Naum Pasha, to insert a clause allegedly prohibiting the Republic of Turkey from exploiting its own oil reserves until 2023. Polls held in 2018 and 2020 found 38% and 48% of those Turks surveyed accepted these fictions as historical reality, a share which has since grown.<sup>162</sup> Such myths feed Turkish President Recep Tayyip Erdogan's victimisation thesis, that has transformed Lausanne from 'a political victory unprecedented in the history of the Ottoman era' (as Kemal put it in 1927), into a defeat.<sup>163</sup>

## Notes

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29. Kuhlmann to von Gwinner and von Stauss, 6 March 1917. HIDB OR1063.
30. For Enver's remark, see Günther to Anatolian Railway Board, 3 March 1917. HIDB, OR1063.
31. Dieckhoff to Goeppert, 13 Nov. 1917. HIDB, OR1067.
32. Draft conventions can be found in HIDB, OR1067.
33. Kriegsministerium to von Stauss, 31 Dec. 1917; E. G. von Stauss to Nizami Pasha, 26 March 1918. HIDB, OR1067. See also Toprani, *Oil*, 141.
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38. von Gwinner to Frey, 12 June 1920. HIDB, OR286.
39. For these negotiations, see HIDB, OR286.
40. Günther to von Gwinner, 24 March 1920. HIDB, OR286.



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79. Venn, ‘Security’, 74–5.
80. Cadman to Clarke 21 Nov. 1922 (‘concession’); Clarke to Oliphant, 21 Nov. 1922 (‘Kemalists’); J. C. Clarke to P. Lloyd-Greame, 16 October 1922 (‘entitled’). TNA, POWE33/98.
81. Teagle to Hughes, 26 Oct. 1922. NARA, RG59/890G.6363/219a.
82. See A. Terzi, *Bagdat-Musul'da Abdulhamid'in Mirasi: Petrol ve Arazi* (Istanbul: Timas Yayinlari, 2009), 32–3, 48, 241; Ulugbay, *Petropolitik*, 35–43, 85, 238, 247; V. Ediger, *Enerji Ekonomi-Politigi Perspektifinden Osmanli'da Neft ve Petrol* (Ankara: ODTU Yayincilik, 2007), 171–3, 207, 255. See also Günther, ‘Die Erben Abdul Hamids’, n.d. and Günther memo, 5 January 1923. HIDB, OR981; CGF, LDN02486. During the Lausanne conference these rights were held by Col. William Boyce Thompson, a ‘copper king’ who was a director of the oil company Sinclair, and a South African investment group, Central Mining and Investment.
83. Macdonogh to Crowe, 29 Nov. 1922. TNA, FO371/7785, f. 2.
84. Nichols to Deterding, 29 November 1922. BP Archive, 123037.
85. Child and Grew to Hughes, 22 Nov. 1922. NARA, RG43 Box 9, 144 (250/8/12/5).
86. A. Patrick, ‘Oil over Armenians: The 1920s “Lausanne Shift” in US Relations with the Middle East’ in J. Conlin and O. Ozavci (eds), *Lausanne Treaty and the New Imperial Order* (London: Gingko, 2023), 189–212.
87. In 1922–3 Deterding strongly regretted having agreed to Gulbenkian’s proposal (back in 1914) that Royal Dutch-Shell allow APOC into TPC, believing that ‘we would have been better off’ going ‘full tilt ahead’ on their own. Deterding to Gulbenkian, 31 Dec. 1922 and 8 Oct. 1923. CGF, LDN00532 and LDN00863.
88. M. Jack [Kent], ‘Purchase of the British Government’s Shares in the British Petroleum Company 1912–1914’, *Past & Present*, xxxix (1968), 139–68; R. W. Ferrier, *History of the British Petroleum Company Vol. 1 The Developing Years, 1901–1932* (Cambridge: Cambridge University Press, 1982), 260.
89. ‘Proceedings and Memoranda of Cabinet Committee on Oil Companies Amalgamation 1922’ (Cmnd. 4050). 12 June 1922. TNA, CAB27/180.
90. See Jones, *British Oil*, 222–9; T. A. B. Corley, *History of the Burmah Oil Company, 1886–1924* (London: Heinemann, 1983), 243–60, 291–312.
91. ‘Proceedings and Memoranda of Cabinet Committee on Oil Companies Amalgamation 1922’ (Cmnd. 4050). 12 June 1922. TNA, CAB27/180.
92. Cowdray, Confidential and Secret Memorandum, 15 May 1923. Science Museum, PEA C44/9. For earlier negotiations (in December 1922), which would have seen Burmah sell its shares in APOC to Royal Dutch-Shell, see the correspondence between Evelyn Fitzgerald and Calouste Gulbenkian in CGF, LDN00456.
93. ‘Conference 1’, 5 Dec. 1922. TNA, FO371/7785, f. 5.
94. Kent, *Moguls*, ch. 2. See also H. Erlich, ‘Mussolini and the Middle East in the 1920s’ in U. Dann (ed), *Great Powers in the Middle East, 1919–39* (New York: Holmes & Meier, 1988), 213–22.
95. Curzon to Foreign Office, 1 Dec. 1922. TNA, FO317/7785, f. 12.
96. F. Venn, ‘Oleaginous Diplomacy: Oil, Anglo-American Relations and the Lausanne Conference, 1922–23’, *Diplomacy & Statecraft*, xx (2009), 414–33 (420).
97. Ismet to Kemal, 27 Nov. 1922. Bilâl Simsir, ed., *Lozan Telegrafları I (1922–1923)* (Ankara: Türk Tarih Kurumu Basimevi, 1990) [hereafter *LT*], 136.
98. Muhtar and Ja’far cited in Curzon to Foreign Office, 1 Dec. 1922. TNA, FO371/7785, f. 12.
99. Vernon, 16 October 1922. ‘Revision of the Treaty of Sèvres’. TNA, CO730/29.
100. Cox was referring here to the proposal that Iraq recognize the claims of the Sultan’s Heirs. Cox to Devonshire, 6 November 1921. TNA, FO371/6362.
101. Cited in Nichols to Greenway, 20 February 1921. BP Archive, 96658.
102. See Sheffield, ‘Interview with Lieut. Col. A. T. Wilson’, 20 September 1920. NARA, RG59 890G.6363/10092/8. Wilson nonetheless ended up working for APOC in later life. In May 1920 Lloyd George argued that as Mesopotamia had been ‘won by British blood’, its oil should be exploited ‘for the benefit of the British nation’, not shareholders of a private company. This proposal was not taken very seriously. Nichols to Cargill, 5 May 1920. BP Archive, 96658.
103. Memorandum of Agreement, 12 December 1922. BP Archive, 96658.
104. Nichols to Clarke, 13 Dec. 1922. TNA, POWE33/89.
105. Riza Nur claimed Turkey had this money available. Ismet to Kemal, 30 Nov. 1922. *LT*, 152.
106. Memorandum by Sir George Macdonogh, [12 Dec. 1922]. CGF, LDN02486.
107. Foreign Office to Curzon, 9 Dec. 1922; Lloyd-Greame note, 18 December 1923, added to Clarke to Lloyd-Greame, 15 Dec. 1922 (‘peace’). TNA, POWE33/89. See also Payne to Clarke, 7 Jan. 1923. TNA, POWE33/89.

108. Clarke to Vernon 2 August 1922 ('Standard'); Vernon, 13 December 1922, note in 'Negotiations in regard to Iraq oil', 9 December 1922. TNA, CO730/34.
109. Clarke to Payne, 9 Jan. 1923. TNA, POWE33/89.
110. Ismet to Kemal, 5 and 13 Jan. 1923. *LT*, 332, 380.
111. Bullard to Vernon, 25 Dec. 1922. TNA, POWE33/89.
112. Bonar Law to Curzon, 9 January 1923; Curzon to Bonar Law, 9 January 1923. TNA, FO371/8994 E388.
113. Curzon to Ismet, 12 January 1923. TNA, CO730/47/1100. For Armstrong's terms, see Ismet to Kemal, 3 and 4 Jan. 1923. *LT*, 319, 328.
114. *Lausanne Conference*, 578, 586. The words 'and Civil List' that Ismet wanted removed nonetheless remained in art. 65 of the draft terms of peace presented to Ismet on 31 Jan. 1923. *Ibid.*, 717.
115. A. Akbaytugan, *Chester Projesi Hakkında Bazı Tenkidat ve Mütalaat* (Ankara: Asitan Kitab, 2014), 13.
116. Ismet to Kemal, 23 Jan. 1923. *LT*, 428–9.
117. Cited in Ismet to Kemal, 6 Jan. 1923. *Ibid.*, 338.
118. Riza Nur memo, 27 Jan. 1923. *Ibid.*, 449.
119. Kemal to Rauf, 28 Jan. 1923. *Ibid.*, 457.
120. Foreign Office memo, 8 February 1923. TNA FO371/9065. See also minute by Forbes-Adam, 7 February 1923 at TNA, FO371/8994.
121. Günther memo, 4 Feb. 1928. HIDB, OR981.
122. Foreign Office memo, 7 February 1923. TNA, FO371/8994.
123. *Karagöz*, 27 January 1923. See also Demirci, 'Manoeuvres', 64–5.
124. Akbaytugan, *Chester*, 16–17.
125. Schwadran, *Oil*, 218.
126. C. M. Chester, 'Turkey Reinterpreted', *Current History*, xvii.1 (1922), 939–47 (946, 945).
127. Parker to Forbes-Adam, 27 April 1923 (Günther); Forbes-Adam to Weakley, 28 April 1923 ('hostile'). TNA, FO839/51/62. The deal was made public in May. See 'Baghdad Railway', *Daily Telegraph*, 18 May 1923. By early 1924 ATTC was 75% British controlled (of which Schröders and Rothschild each had 26%), with the remaining 25% held by Deutsche (20%) and Credit Suisse (5%). Anglo-Turkish Trust to N. M. Rothschild & Sons, 5 Dec. 1924. RA, 000/97/159.
128. Owens to State, 10 May 1923. NARA, RG59 867.602OT81/333.
129. Dulles, memo, 26 July 1923. NARA, RG59 867.602OT81/9891/390. Compare his earlier memo of 6 Dec. 1922. NARA, RG59 867.602OT81/9890/208.
130. They were Henry Woodhouse, W. E. D. Stokes (both American) and K. E. Clayton-Kennedy (a Canadian). J. E. Gillespie to Department of Commerce, 6 Sept. 1922; Bannerman to State, 24 March and 1 June 1922. NARA, RG59/231, 867.602OT81/9890/191 and/199.
131. Howland Shaw to Dulles, 11 June 1923. NARA, RG59 867.602OT81/9891/378.
132. Grew to State, 23 May 1923. NARA, RG59 867.602OT81/9891/329.
133. *Akbaba*, 12 Nov. 1923, 2, 3.
134. 'Türkische Eisenbahnen', 11 June 1924. HIDB, OR125.
135. Parker memo, 2 September 1924. RA, XI/111/248. See also London School of Economics Archives, Alwyn Parker Papers. Coll Misc 547, Folder 4.
136. Meissner memo, 19 May 1927. HIDB, OR131.
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138. J. C. Grew, *Turbulent Era: A Diplomatic Record of Forty Years, 1904-45*, 2 vols. (London: Hammond, 1953), vol. 2, 584. See also Nichols to TPC Directors, 31 July 1923. CGF, LDN00532.
139. P. J. Beck, 'Britain and the Settlement of the Mosul Dispute, 1918-1926', *Middle Eastern Studies*, xvii.2 (1981), 256–76.
140. Z. Mikdashi, *A Financial Analysis of Middle Eastern Oil Concessions: 1901-65* (New York: Praeger, 1966), 70. See also Venn, *Oil Diplomacy*, 65.
141. Gulbenkian to Deterding, 6 Nov. 1923 ('dishonest'), Gulbenkian to Nichols, 26 Oct. 1923 ('Tax'). CGF, LDN00532.
142. S. Saul, 'Masterly Inactivity as Brinkmanship: The Iraq Petroleum Company's Route to Nationalization, 1958–1972', *International History Review*, xxix.4 (2007), 746–92.
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144. R. W. Child, *Diplomat Looks at Europe* (New York: Duffield, 1925), 17.
145. Tyrrell to Parker, 16 Dec. 1922. TNA, FO839/27. Parker, 'Some Thoughts on the Economic Outlook in Asia Minor', 6 January 1922. RA, XI/111/149(c).
146. Parker to Pam, 25 February 1924. Alwyn Parker Papers, LSE Archives. Coll Misc 547, Folder 3.
147. Slade to Curzon, 29 January 1922. TNA, FO839/15. Franks, 'Refugee Question in the Near East', n.d. TNA FO839/27. For Townshend, see K. Fleet, 'Money and politics: the fate of British business in the new Turkish Republic', *Turkish Historical Review*, ii (2011), 18–38.

148. Ismet to Kemal, 28 Dec. 1922. *LT*, 288.
149. K. Jeffrey and A. Sharp, 'Lord Curzon and Secret Intelligence' in C. Andrew and J. Noakes (eds), *Intelligence and Foreign Relations, 1900-1945* (Exeter: University of Exeter Press, 1987), 103–26.
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152. Venn, 'Security', 73.
153. Venn, 'Oleaginous', 416.
154. Office of Economic Adviser, memo, 8 Feb. 1924 (quote), Dulles, memo, 10 May 1923 (quote). NARA, RG59 890G.6363/T84/143 and 890G.6363/T84/92.
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156. Laura Phillips Sawyer, *American Fair Trade: Proprietary Capitalism, Corporatism, and the "New Competition", 1890-1940* (Cambridge: Cambridge University Press, 2018), ch. 4.
157. Simon Davis, 'Keeping the Americans in line? Britain, the United States and Saudi Arabia, 1939-45: Inter-Allied Rivalry in the Middle East Revisited', *Diplomacy & Statecraft*, viii.1 (1997), 96–136 (98–9).
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159. Rauf to Ismet, 2 Jan. 1923. *LT*, 313.
160. L. Steffens, *Autobiography of Lincoln Steffens*, 2 vols. (New York: Harcourt, Brace and World, 1931), vol. 1, 810.
161. F. Owtram, 'Oil, the Kurds, and the Drive for Independence' in A. Danilovich (ed), *Iraqi Kurdistan in Middle Eastern Politics* (London: Routledge, 2017), 99–119 (106).
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163. Kieser, *When Democracy Died*, 40.

## Acknowledgments

The author would like to thank Geoffrey Jones, Joost Jonker, Gregory Nowell, Andrew Patrick and especially Ozan Ozavci for their counsel and their comments on drafts of this article. He would also like to thank Melanie Aspey of the Rothschild Archive and Martin L. Müller of the Historisches Institut der Deutschen Bank for their assistance and hospitality.

## Disclosure statement

No potential conflict of interest was reported by the author.

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