

The Road to *Compromise*



In Persia, the British were intent on installing a reliable strongman who would serve their interests well. A senior figure at the court soon caught their eye: Prince Farman-Farma was known to hold extensive investments on the London stock exchange and his considerable fortune was therefore closely linked to the continued success of the British Empire. Intensive lobbying was undertaken to get him appointed Prime Minister, with the British representative in Teheran having an audience with the Shah on Christmas Eve in 1915 to make clear how favourably Farman-Farma's appointment would be viewed in London. "A change of Prime Minister was inevitable in the near future," the Shah was told, especially given all the "hostile elements" in the government in Teheran. The Shah was easily convinced: "he quite agreed and urged that it should be done at once. He promised to urge FF to accept office immediately." Farman-Farma was duly appointed a few days later.

In Mesopotamia, the lack of a local figurehead to collaborate with made things more difficult. The British had taken matters into their own hands, sending troops from Basra to occupy Baghdad in the spring of 1917. Little thought was given to what would happen next, as Lord (formerly Sir Charles) Hardinge wrote from London to Gertrude Bell, the brilliant, mercenary scholar and traveller who knew this region as well as anyone. "It really would not matter," he suggested, "if we choose three of the fattest men from

Baghdad or three of the men with the longest beards who would be put up as the emblems of Arab rule." The British just needed any leader on whom they could effectively impress the benefits of co-operation with the occupying force; naturally, this would involve bribing them handsomely.²

There were, however, other serious problems to face—more significant than teasing out the future political set-up of this region. Leading voices in Britain were already advocating the revision of the Sykes-Picot agreement, even as the ink was drying. This was caused not by any qualms about the overt imperialism of the secret deal, but rather by a report prepared by Admiral Slade, previously director of the intelligence division at the Admiralty, who had been responsible for assessing the Persian oilfields in 1913 and had shortly afterwards been appointed a director of the Anglo-Persian Oil Company. Slade stressed that "under no possible circumstances can we be disturbed in our enjoyment" of the Persian oilfields, and that that was true of other parts of the region too. There were indications, he added, of the presence of significant quantities of oil in "Mesopotamia, Koweit, Bahrain and in Arabia." He strongly recommended that the lines be redrawn to ensure that as much as possible of these territories fell within the British-controlled zone. "It is important to secure control of all the oil rights in these areas so that no other Power can exploit them for their [own] benefit."³ The Foreign Office watched nervously, gathering articles in European newspapers that demanded Germany's "indispensable requirement of the freedom of the sea in Persian Gulf" as an indication that the sooner Britain secured its position, the better.⁴

By the end of 1918, just weeks after the end of the war, Britain managed to get what it wanted: the Prime Minister, David Lloyd George, convinced Prime Minister Clemenceau of France to amend the agreement and cede control of Mosul and the surrounding area. This was done partly by playing on the fear that Britain might stand in the way of France establishing a protectorate over Syria, but also by hinting that British support on the issue of Alsace-Lorraine in the settlement negotiations which were due to begin shortly was by no means certain. "What do you want?" Clemenceau asked Lloyd George bluntly in London. "I want Mosul," the British Prime Minister replied. "You shall have it. Anything else?" "Yes," came the reply, "I want Jerusalem too." The reply was the same: "You shall have it." Clemenceau was "right as a die and never went back on his word," recalled one senior civil servant who had the ear of Lloyd George.⁵

The British had also identified Palestine as a target owing to its location

as a buffer against any threat to the Suez canal, which served as one of the empire's most vital arteries and over which control had been established in 1888. Just as British troops had moved on Baghdad, therefore, so they advanced on Palestine from the south and, improbably, from the east with T. E. Lawrence emerging from the desert to take Aqaba in the summer of 1917. A few months later, Jerusalem fell too, despite fierce counter-attacks from the Ottoman Seventh and Eighth Armies, led by General Erich von Falkenhayn, who had served as Chief of the General Staff of the German army earlier in the war. The British General Edmund Allenby entered the city on foot as a mark of respect, having captured the city in what the British Prime Minister called "a Christmas present for the British people."⁶

Palestine was important for another reason. Concerns had been growing about the rising levels of Jewish immigration to Britain, with the numbers arriving from Russia alone rising by a factor of five between 1880 and 1920. At the turn of the twentieth century, there had been discussions about offering land in East Africa to encourage Jewish émigrés to settle there, but by the time of the war attention had shifted to Palestine. In 1917, a letter from the Foreign Secretary, Arthur Balfour, to Lord Rothschild was leaked to *The Times* that spoke of "His Majesty's Government [viewing] with favour the establishment in Palestine of a national home for the Jewish people."⁷ Known as the Balfour Declaration, the idea of designating territories for Jews to settle was what Balfour later described to the House of Lords as "a partial solution to the great and abiding Jewish problem."⁸

Although the championing of a homeland for European Jews has understandably attracted attention, Britain also had its eye on Palestine for its position in relation to the oilfields and as a terminus for a pipeline linking to the Mediterranean. This would save a journey of a thousand miles, planners later noted, and would give Britain "virtual control over the output of what may well prove to be one of the richest oil fields in the world."⁹ It was imperative, therefore, that Britain had a strong presence in Palestine, that it had control over Haifa, with its good, deep harbour, which made it the ideal place for loading oil on to British tankers, and that the pipeline ran to this port—rather than to the north, and French-controlled Syria.

As Britain's strategic thinking went at the time, Haifa would provide a perfect terminus for oil piped from Mesopotamia. So it proved. By 1940, more than 4 million tons of oil was flowing along the pipeline that was built after the war, enough to supply the entire Mediterranean fleet. It was, as *Time* magazine called it, the "carotid artery of the British empire."¹⁰ The

world's largest empire was receiving massive transfusions of the black blood of oil, pumped directly from the heart of the world.

By the start of 1918, then, thoughts had long since turned to the shape of the post-war world and how the spoils of victory would be divided. The problem was that there was a difference between deals struck among clubbable politicians, testy diplomats and planners armed with maps and pencils in European capital cities, and the reality on the ground. It was all very well planning for a carve-up of territories where the interests of Britain and France would be expanded and protected, but things became rather more complicated when practicalities intruded.

For example, in the summer of 1918, the British General Lionel Dunsterville was ordered to advance from north-western Persia to the Caspian, while other senior officers were sent to monitor the Caucasus, with the aim of ensuring that the Turks did not seize control of the oilfields of Azerbaijan, take the region south of the Caspian or gain control of the Trans-Caspian Railway that led to the Afghan border. This was classic overstretch, an all but impossible mission—and one that sure enough ended in disaster. Advancing Turkish forces surrounded Baku, trapping Dunsterville inside for six weeks before allowing him to withdraw. Horrifying scenes of bloodshed then followed as locals settled scores after the city had surrendered.¹¹

Panic enveloped officials in the India Office in London, who frantically sought authorisation to send agents into Central Asia to keep track of what was going on there in the wake of Turkish resurgence and turmoil in Russia, where rioting and demonstrations in the Samarqand district, the Fergana valley and Tashkent played a role in revolution breaking out across the whole empire.¹² "All effective control over native population of Turkestan has been removed," wrote the Secretary of State to the viceroy, Lord Chelmsford, at the start of 1918, "owing to the collapse of central government in Russia and complete breakdown in discipline in the Russian army."¹³

In response to warnings that anti-British sentiments among the Muslim population of the region were running high, envoys were dispatched to monitor the situation and oversee the spread of anglophile propaganda. Officers were sent to Kashgar and Meshed to assess the mood, while there were tortuous discussions about whether to send armed forces into Afghanistan and Tashkent, or to approve more grandiose schemes such as encouraging the Emir of Afghanistan to expand westwards and occupy the

Murghab valley as far as Merv.¹⁴ New ideas, new identities and new aspirations were springing up across Ukraine, the Caucasus and Central Asia after the Russian Revolution, as demands for self-expression if not self-determination grew louder and louder.

Complications arose when those who had seized power in Russia found their dreams of international revolution thwarted in Europe and so turned their attention to Asia. Trotsky, fizzing with enthusiasm as usual, took up with gusto the theme of cultivating the revolutionary project in the east. "The path to India might well be much easier to travel in the current circumstances and what is more, quicker than the one leading to a Soviet in Hungary," he wrote in a memorandum that was circulated to his peers in 1919. "The route to Paris and London is through the cities of Afghanistan, the Punjab and Bengal."¹⁵

Delegates from "the enslaved popular masses of Persia, Armenia and Turkey," as well as from those of Mesopotamia, Syria, Arabia and beyond, were summoned to a conference in Baku in 1920, where one of the principal Bolshevik demagogues did not mince his words. "We are now faced with the task of kindling a real holy war" against the west, he told listeners. The time had come, he said, to "educate the masses of the East to hate and to want to fight against the rich." That meant fighting against the wealthy "Russian, Jewish, German, French . . . and organizing a true people's holy war, in the first place against British imperialism."¹⁶ The hour had arrived, that is, for a showdown between east and west.

The message went down well. Apart from the cheering delegates, there were those who took action—intellectuals, such as Muhammad Barakatullah who wrote on the elision of "Bolshevism and the Islamic Nations," urged the advance of socialism throughout Muslim Asia. Newspapers, universities and military schools were set up across Central Asia to cater for and further radicalise the local populations.¹⁷

Showing a surprising degree of flexibility, the Soviets were prepared to compromise with any who might help their cause. For example, the Bolshevik leadership had few qualms about making overtures to the ruler of Afghanistan, King Amanullah, after he sought to distance himself from British influence and launched an attack on the British in India to the west of the Khyber. Although the military confrontation was a fiasco, the Bolshevik regime delighted in finding an ally in the east and sent an offer of assistance, along with assurances that the liberation of the east from imperialism was a fundamental part of the revolutionary programme—assurances that were unlikely to be entirely comforting to a ruling monarch.

Russian audacity and opportunism provoked shrill calls of alarm in Britain, with *The Times* reporting on the "Bolshevist menace to India: Afghan stepping stone." British troops were moved north into Afghanistan, among them a young corporal named Charles Kavanagh whose recently discovered diary paints a vivid picture of what he saw—and finds many echoes in the more recent experiences of western servicemen in the same region. Ambushes and attacks by insurgents were a daily hazard, he wrote. Afghan men were not afraid to dress as women in gowns that hid their faces as well as their rifles. Avoid offering your hand to shake that of a local you do not know, he wrote: "they will seize it with their left hand, and stab you with their right."¹⁸

Different visions of the future were being offered in the aftermath of the Great War. On the one hand, there was the impulse towards self-determination, championed at least to start with by the Bolsheviks. "Organise your lives as you choose, and without any obstacles," Lenin declared. "You have the right to do so. Know that your rights, like those of all the peoples of Russia, are protected by the full power of the revolution and its agencies."¹⁹ This extended to progressive views about gender equality: women were given the vote in the Kyrgyz, Turkmen, Ukrainian and Azerbaijani Soviet republics—before they were given the vote in the United Kingdom. Posters put up in Tashkent in 1920, written in Uzbek, displayed a figure in front of four ghostly veiled figures urging the emancipation of Muslim women: "Women! Take part in elections to the Soviet!"²⁰

This early post-Revolutionary progressivism contrasted sharply with the imperialist attitudes of western powers and their resolve to retain control of assets and resources deemed vital to national interests. None were as active or as aggressive as the British, who were above all determined to hang on to control of oil supplies. In so far as it had troops in the field, Britain had a head start, enabling the landscape to be shaped in a way that suited its needs. In the case of Mesopotamia, this was done by forging a new country that was given the name of Iraq. It was a hotch-potch made up of three former Ottoman provinces that were profoundly different in history, religion and geography: Basra looked southwards towards India and the Gulf; Baghdad was closely linked with Persia; Mosul naturally connected to Turkey and Syria.²¹ The amalgam satisfied no one except London.

The country was a rickety construction at best. The British helped install the erstwhile ally Faisal—the heir of the Sharif of Mecca—as sover-

sign, in part as a reward for his co-operation during the war, in part in sympathy for his having been drummed out of Syria where he had originally been promised the throne, and in part because of the lack of any other obvious candidate. The fact that he was a Sunnī Muslim where the local population was predominantly Shī'a was thought to be something that could be smoothed over with the introduction of the new trappings of a nation, such as guard-changing ceremonies, a new flag (designed by Gertrude Bell) and a treaty that recognized Iraqi "national sovereignty," but obliged the king and his government to be directed by Britain "on all important matters," including foreign relations and defence. Subsequent annexes gave Britain the right to make appointments to the judiciary and to impose financial advisers to administer the country's economy.²² This devolved imperial rule was cheaper from a financial point of view than full colonial occupation at a time when Britain itself was facing up to huge national debts built up during the war—but it was cheaper politically too. More than 2,000 British soldiers had been killed in rioting and civil unrest in Mesopotamia in 1920.²³

Concerted efforts were made to impose a similar grip on Persia. In 1919, an agreement was signed that would install British advisers to run both the treasury and the armed forces, as well as overseeing infrastructure projects. This went down badly in Persia and elsewhere. With Britain holding a controlling interest in the Anglo-Persian Oil Company, the Russians and the French were already concerned that Britain's hold over Persia was too strong. The bribes (or "commissions") paid to get the agreement signed meanwhile produced howls of protest in Persia—not least against the Shah himself. "God condemn to everlasting shame / He who betrayed the land of Sassan," wrote one well-known poet at the time, citing Persia's deep and glorious past; "tell the zealous Artaxerxes The Long-armed / The enemy annexed your kingdom to England."²⁴ Such critics ended up in prison.²⁵

The Foreign Commissar of the fledgling Soviet Union also reacted furiously: Britain "is trying to lasso the Persian people into total slavery." It was shameful, he declared in a statement, that the country's rulers had "sold you to the English robbers."²⁶ The reaction in Paris was little different. Caught unprepared by the battle for oil, and having surrendered Mosul seemingly for nothing, the French had been pressing to have their own advisers take up positions in Teheran to further their own national interests. This was given short shrift by Lord Curzon, who could barely hide his outrage at being asked if he would sanction such an appointment. Persia, he told Paul Cambon, the French ambassador to London, was "only saved from com-

plete insolvency by the aid of Great Britain." France should mind its own business.²⁷

The reaction in France was furious and bitter. Funding was given to place anti-British propaganda in the press in Persia, while excoriating articles at home took aim at the Anglo-Persian agreement—and at the Shah. This half-centimetre-tall midget, said *Le Figaro* in a piece that was widely cited in Teheran, "had sold his country for one centime."²⁸ The French had been on the winning side in the war, but they had been outmanoeuvred by their ally.

In fact, the British were nonplussed by the Shah's demands for money, which were as constant as they had been before the war began. This had been a problem too with Prince Farman-Farma, whose spell as Prime Minister had not proved as successful as the British had hoped. Reports back to London talked of his "disinclination to work honestly" and his "rapacity"; this was "fast making his continuance of office impossible."²⁹ A more reliable figure was needed.

Cometh the hour, cometh the man. Reza Khan was "a powerfully built, well set up, big boned man, well above average height," Sir Percy Loraine, Britain's representative to Teheran, reported approvingly in 1922. Khan gets straight to the point, the report went on, "and does not waste time in exchanging the delicately phrased but perfectly futile compliments so dear to the Persian heart." Although he was clearly both "ignorant and uneducated," Loraine was impressed: "in speaking with him, I had rather the impression of an unemployed brain than of an empty one." This was music to the ears of the Foreign Office. "Sir P. Loraine's estimate of Reza Khan is decidedly encouraging," one official back in London noted on the report. "While he is [not] free from the vices of his compatriots, his heart seems to be in the right place." His racial origins were also positively received: "that he is half Caucasian [through his mother] is in his favour," read another minute. In short, he was exactly the sort of man the British thought they could do business with.³⁰

He seemed to be "a strong and fearless man who had his country's good at heart," according to Sir Edmund Ironside, commander of a British force sent to secure northern Persia amid growing concerns about Russian designs around the Caspian Sea. Just how much support the British gave Reza Khan and what role they played in allowing him to become the power behind the throne—and eventually, in 1925, to install himself as shah—has been hotly debated. At the time, however, many following events closely had

little doubt about Britain's role as king-maker.³¹ The American representative in Teheran, John Caldwell, remarked that Reza was so close to the British that he was "practically a spy."³²

It was not surprising that the Americans were also paying close attention to this part of the world. A report circulated by the Planning Section of the U.S. Naval Forces in Europe in 1918 spoke of the need for the United States to prepare for commercial rivalry with Britain. "Four great powers have arisen in the world to compete with Great Britain for commercial supremacy," it opined. Spain, Holland, France and Germany had all been seen off by Britain. The United States was the "fifth commercial power, the greatest one yet. . . . Historical precedent warns us to watch closely" what Britain was up to.³³ The importance of the oilfields meant that careful attention had to be paid to this part of this world.

This was especially true given the growing concerns in the United States about its own oil supplies. Just as Britain had worried about lack of resources before the war, there was mounting anxiety in America about possible shortages immediately after it. Rising consumption patterns were a cause for alarm, as were estimates about proven oil reserves. These would run out in nine years and three months, according to the director of the U.S. Geological Survey. The lack of "necessary supply at home and abroad" represented a major problem, admitted President Wilson.³⁴

For this reason, the State Department encouraged Standard Oil, one of the biggest American producers, to look into what it referred to as "the possibility of entering into an agreement with the Persian Government for development of oil resources in north Persia," in the region not covered by Anglo-Persian's concession.³⁵ U.S. interest prompted an ecstatic response in Teheran: Britain and Russia had interfered in Persia long enough, said reports in the local press, constantly compromising the country's independence. The United States, the emerging new empire, was the perfect white knight. "If the Americans, with their flourishing wealth, establish economic relations with our country," one Persian newspaper article declared hopefully, "we are sure our resources will not remain sterile and we will no longer be so much afflicted by poverty."³⁶ Such great expectations were widely shared across the country: telegrams flooded into the capital welcoming the prospect of U.S. investment. The startled American mission in Teheran observed that these were signed by "the foremost mullahs, notables, some government officials and merchants."³⁷

The British reacted angrily, telling the State Department in no uncertain terms that American interest in Persia's oil was not just unwelcome but illegal. Although the region in question had not been conceded to Anglo-Persian, the British declared that it was subject to a separate agreement previously reached between Persia and Russia that had not been correctly terminated. As such, exploration rights could not be sold to the Americans—or to anyone else. These were weasel words, and ultimately proved fruitless as the Persians went ahead regardless, granting Standard Oil a fifty-year concession.³⁸

Not for the first time, the American experience proved to be a false dawn. It had been hoped in Persia that U.S. involvement and investment would offer a real alternative to British clout in the region. However, practicalities dictated that any operator needed to cut a deal with Anglo-Persian to gain access to its pipeline infrastructure. What is more, once discussions got going, hope gave way to more disappointment for the Persians. The Americans were "more British than the British," noted the Persian representative in Washington—which he did not mean as a compliment. It turns out, fumed one editorial in a Teheran newspaper, that the United States and Britain were one and the same: both were "worshippers of gold and strangers of the weak," obsessed with furthering their own interests and "trying to divide [the] precious jewel" of national oil resources and take them from "the hands of the childish politicians of Persia."³⁹

The story had familiar echoes of the discovery of the Americas 400 years earlier. While local populations had not been decimated in the same way as those encountered by the Spanish, the process was effectively the same: the expropriation of treasures by the nations of the west meant that riches flowed out of one continent to another, with minimal benefit to the inhabitants of those lands. There were other parallels with what had happened following Columbus' sailing across the Atlantic. Just as Spain and Portugal had divided the world between them with the treaties of Tordesillas in 1494 and Zaragoza three decades later, so too did the western powers now split the resources of the world lying between the Mediterranean and Central Asia.

Territories ringed on maps in coloured pencil formed the basis of an accord between the British and the French known as the "Red Line Agreement," which divided the oil assets of the region between Anglo-Persian on the one hand and the Turkish Petroleum Company (of which Anglo-Persian—and thus the British government—were major shareholders) on the other, with a formal agreement not to compete in each other's territo-

ries. This was important for France, which had its eye on securing a strong position in the Levant because of the long history of trading ties and substantial French commercial investments going back many decades. Just as the Iberian powers had done, France and Britain shared out control of valuable assets like spoils which had been claimed as of right. It felt like a new age of empire.

The problem was that this new era of empire was almost immediately beset with the traumatic realisation that the world was changing—and changing fast. It was all very well having elaborate plans and trying to assert Britain's control over the oil and the pipeline networks, but this came at a price. With Britain's national debt soaring, painful and difficult discussions took place about the cost of maintaining troops in the numbers needed to run an empire effectively. The overwhelming cost, wrote Lord Curzon, "is one that can no longer be sustained." It was a conclusion duly taken on board by Winston Churchill, by now Colonial Secretary, who recognised that "everything that happens in the Middle East is secondary to the reduction of expense."⁴⁰

This mismatch between ambition and ability was a recipe for disaster—a predicament made worse by the obduracy of senior diplomats. The British minister in Teheran, for example, lorded it over the Persians, whom he described contemptuously as "smelly" and "shifty brutes." In Baghdad, meanwhile, London's representative had houses knocked down in order "to extend the gardens of Britain's embassy"—something one observer remarked wryly which "undoubtedly improved what was already a beautiful residence" but which was "less than universally popular with the Iraqis."⁴¹ There was a lofty sense of entitlement in all this, the sense that the present and future of these countries lay unassailably in the hands of the British. Rulership was in the gift of policymakers in London, who had little concern for the interests of local populations and focused instead on Britain's strategic and economic priorities. In the 1920s alone, the British were either directly responsible for or played a supporting role in installing or deposing rulers in Iraq, Persia and Afghanistan, while also becoming involved in the question of the title used by the King of Egypt following independence in 1922.⁴²

Inevitably, this bred festering problems that over time became poisonous. Gertrude Bell had been right to predict, as early as 1919, that "a horrible muddle" was being made of the Near East, and that the scenario was

like "a nightmare in which you foresee all the horrible things which are going to happen and can't stretch out your hand to prevent them."⁴³ Britain was playing a dangerous game in choosing who to support and when—and where—to intervene.

Broken promises and disappointed peoples lay scattered across the region from the Levant eastwards. Commitments to support, help and protect the interests of local populations gave way to the promotion and protection of Britain's commercial and strategic interests—even if that meant splitting up territories along new and artificial boundaries, or abandoning communities like the Christian Assyrians of Iraq who found themselves in a uniquely vulnerable position following the carve-up of the Middle East at the end of the First World War.⁴⁴

The broader results in Iraq were a disaster. A new feudalism took root as local magnates were handed large tracts of former Ottoman state land in return for their support for the British mandate—curtailing social mobility, widening inequality and fanning dissatisfaction as rural communities lost their land rights and their means of living. In Kut province in eastern Iraq, two families were able, over the course of three decades, to acquire more than half a million acres between them.⁴⁵ The scenario was much the same in Persia, where the wealth generated by oil revenues was concentrated in the hands of the Shah and those around him. In this sense, it was precisely the knowledge that the British government was the majority shareholder of Anglo-Persian—which by the 1920s was responsible for nearly half the country's revenues—that prompted increasingly determined anti-British sentiments and a rising tide of nationalism.

This was also a sign of the times, as reactions against colonialism were gaining an almost unstoppable momentum across the empire. In 1929 in India, the Lahore session of the Indian National Congress set out a "Declaration of Independence" (Purna Swaraj). "The British Government in India has not only deprived the Indian people of their freedom but has based itself on the exploitation of the masses," it stated. India has been ruined, and "must forthwith sever the British connection and attain . . . complete independence." The time had come for civil disobedience.⁴⁶

It was all but inevitable that this cocktail of disenchantment, disgust and disenfranchisement would catch on elsewhere. But the growing frustration in the Middle East also stemmed in part from the realisation that the benefits promised by the oil finds had proved so elusive. The western oil corporations that controlled the concessions were dextrous and highly creative when it came to making royalty payments. Just as in the

modern world, a web of subsidiary companies was set up with the aim of using inter-company loans to create losses that could be used to reduce or even eliminate altogether the apparent trading profits of the operating companies—and therefore manipulate downwards the royalties due under the concession agreement. This was grist to the mill. Angry reports ran in the newspapers that spoke of “foreigners [being allowed] to drain the country of her oil resources and deliberately reducing the revenue of Persia by granting illegal and unnecessary exemption from customs duty.” At least things were not as bad in Persia as they were in neighbouring Iraq, which was a colony in all but name.⁴⁷

To try to head off the rising tide of local anger, the directors of Anglo-Persian went on a charm offensive: they promised a host of new benefits, ranging from educational opportunities to helping upgrade the railways, to considering making royalty payments more generous. It was plain wrong, high-ranking Persians complained, that the Persian government held no shares in the business. “The Persians,” one observer recorded, “felt that an industry had been developed on their soil in which they had no real share”; they insisted that this was not a question of money, since “no financial reward would dispel this feeling” of alienation.⁴⁸ Anglo-Persian’s chairman, the urbane Sir John Cadman, urged calm, suggesting to his opposite number at the negotiating table that it was in no one’s interests for the press to create the “erroneous and painful impression” that the business was not a fair and equitable one.⁴⁹ This was all very well, he was told; what was in everyone’s interests was that there should be a partnership. As it stood, it was little more than outright exploitation.⁵⁰

Drawn-out discussions about if and how to renegotiate the Knox D’Arcy concession came to nothing. Eventually, the Persians snapped. Even before 1929, the discovery of oil in Mexico and Venezuela (the work in the latter led by George Reynolds, who had struck the all-important well at Masjed Soleyman) led to a major correction downwards in oil prices. After Wall Street had crashed, prompting a dramatic fall-off in demand, the Persians took matters into their own hands. Finally, in November 1932, following a sharp decline of royalty payments and continuing financial chicanery whereby detailed figures were deliberately withheld from Teheran, the Shah declared that the Knox D’Arcy concession was cancelled with immediate effect.

This was disgraceful, complained British diplomats. “If we do not make ourselves felt at the outset,” advised one senior official, “we shall have far

worse trouble with the Persians later.”⁵¹ The declaration was a “flagrant” offence, said another.⁵² In the eyes of the British, the contract agreed three decades earlier should stand, no matter what. It was true that considerable financial risks had been taken to open up the oil business in the first place, and that it had required hefty investment to create an infrastructure that enabled resources to be exploited. Nevertheless, the riches that were unlocked as a result were huge. The clamour to share these more evenly was simply ignored; in the manner of the great banking scandals of the early twenty-first century, Anglo-Persian and the interests that sat behind it were too big to fail.

In this case, however, the process of equalising the situation and putting things right was a quick one—largely because Persia had the potent negotiating tool of being able to harass, prevent and hinder production to force a renegotiation. In the spring of 1933, a new deal was hammered out. The Persian delegation met with oil executives at the Beau Rivage hotel in Geneva and explained that they were familiar with the terms of a recent agreement about oil in Iraq, demanding that these at least be matched. The initial proposal—which included Anglo-Persian ceding 25 per cent of the shares, a guaranteed annual income, profit share and board representation—was dismissed by Sir John Cadman as preposterous and impossible.⁵³

Although the discussions that followed were perfectly cordial, it soon became clear that efforts to avoid a major renegotiation would fail. By April 1933, a new deal had been struck. More attention would be paid to the “Persianisation” of the oil business—that is, hiring and training more locals to be involved in the business at all levels, from management down to more lowly positions. The region covered by concession was dramatically reduced to a quarter of its original size, albeit the sweetest bite of the cherry; a fixed royalty fee was agreed that removed the screen of currency and oil-price fluctuations; a minimum annual payment was guaranteed, regardless of production levels or market prices achieved; the Persian government would also share in the wider benefits of Anglo-Persian, receiving a share of the profits that the company made in its other jurisdictions. Cadman did not comment when the Persian negotiators told him he should see the new agreement as a “personal triumph for [himself] and his colleagues.” His notes disclose his reaction: “I felt that we had been pretty well plucked.”⁵⁴

The Persians, and others who were watching, saw a different moral in the story. The lesson was that, for all the bluster, the west’s bargaining position was a weak one. Those with the resources could ultimately force the

hand of those who held the concession, and make them come to the table. The west could complain as bitterly as it liked, but it turned out that possession truly was nine-tenths of the law.

This became one of the key themes of the second half of the twentieth century. New connections were rising that straddled the spine of Asia. A web was being spun not of towns and oases but of pipelines that linked oilwells to the Persian Gulf and, by the 1930s, to the Mediterranean. Resources and wealth were pumped along these lines to ports like Haifa and Abādān—a site that became home to what was for more than fifty years the world's biggest refinery.

Control of this network was everything, as the British recognised even before the First World War broke out. To the optimist, things still looked rosy. After all, despite the renegotiation of concessions in 1933, strong links had been built up with this part of the world, and there was still much to be gained from co-operating with those whose resources were of such enormous importance; and Britain, surely, was in a better position than anyone else.

The reality, however, was that the tide had already turned. The power and influence of the west was in decline—and seemed certain to diminish further. There was a price to pay for constant interference in local affairs; there was a price to pay for remodelling the gardens of the embassy; and there was a price to pay for never quite playing with a straight bat. That price was reservation, misgivings and mistrust.

The two very different outlooks were perfectly captured at a dinner in Baghdad in 1920, just as the shape of the new Near and Middle East was becoming clear. One of those attending was the dynamic and fiercely intelligent Gertrude Bell, who had been recruited at an early stage in the First World War to work for British intelligence, and was an astute observer of Arab politics. Rest assured, she told Ja'far al-'Askarī, soon to be appointed Prime Minister of the new country of Iraq, that "complete independence is what we [the British] ultimately wish to give." "My lady," he replied, "complete independence is never given—always taken."⁵⁵ The challenge for countries like Iraq and Persia was to free themselves of outside interference, and to be able to decide their own futures. The challenge for Britain was how to prevent them from doing so. It was a conflict waiting to happen. First, though, there was another disaster that was about to take place, again driven by control of resources. This time it was not oil but wheat that lay at the heart of impending catastrophe.

The Wheat Road



The British magazine *Homes & Gardens* has long prided itself on being at the cutting edge of interior design. "Mixing beautiful features with gorgeous real-life homes and gardens, expert advice and practical information," the magazine declares in its recent marketing strapline, is "the ultimate source of decorating inspiration." Its November 1938 issue gushed with praise about a mountain bolt-hole rich in Alpine chic. "The colour scheme throughout this bright, airy chalet is light jade green," wrote the correspondent, enlivened by the passion for cut flowers displayed by the owner—who as it happened was also the property's "decorator, designer and furnisher, as well as architect." His watercolour sketches hung in the guest bedrooms, alongside old engravings. A "droll raconteur," the owner loved being surrounded by a range of "brilliant foreigners, especially painters, musicians and singers," and would often bring in "local talent" to play pieces by Mozart or Brahms for after-dinner entertainment. The article's author was very impressed by Adolf Hitler.¹

Nine months later, on 21 August 1939, an eagerly awaited call came through to the telephone exchange which *Homes & Gardens* reported was next to his modern office and which allowed "the Führer" to be in contact with "his friends or Ministers." During supper, a message was passed to Hitler. According to one who was present, "he scanned it, stared into space for a moment, flushed deeply, then banged on the table so hard that the glasses