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Business Diplomacy: Walter Teagle, Jersey Standard, and the Anglo-French Pipeline Conflict in the Middle East, 1930–1931

British, Dutch, French, and American oil companies set up a multinational consortium in 1928 with a view to dominating petroleum production in the Middle East. Development of the consortium's first oilfield in northern Iraq depended on the construction of a pipeline to the Mediterranean seaboard, but rival great-power ambitions in the region blocked selection of a suitable route. Walter Teagle, president of Standard Oil of New Jersey, devised a compromise that he successfully pressed on both the French government and the chairman of the consortium, Sir John Cadman. Using company records and state papers now available in France, this article explains how Teagle's intervention arose and why it was crucial to the resolution of the Anglo-French pipeline conflict.

During the 1920s a group of U.S. oil firms organized as the Near East Development Corporation managed to gain a foothold in the Middle East, a region then dominated politically and economically by Britain and France. This foothold took the form of a share in Turkish Petroleum Company (TPC), a multinational consortium made up of four "major groups," each of which held 23.75 percent

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of the enterprise. (The remaining 5 percent was owned by Calouste Sarkis Gulbenkian, an Armenian businessman who had helped form the original TPC in 1912 and who tenaciously resisted the majors' efforts to squeeze him out.) The first three groups comprised two of the dominant international companies, Anglo-Persian (today British Petroleum) and Royal Dutch-Shell, plus a small French newcomer, Compagnie Française des Pétroles (CFP, today Total). Compagnie Française des Pétroles had been set up at state initiative in 1924 specifically to assume France's portion of Turkish Petroleum, a prize that Paris had acquired through postwar negotiations with London. Although CFP was legally a private corporation, its statutes gave the French government important powers over the company, making it in reality a quasi-state firm.¹ The fourth group—that is, Near East Development—was a mini-consortium in its own right, consisting of five American oil firms: Standard Oil of New Jersey (today Exxon), Standard Oil of New York (Socony, today Mobil), Gulf Oil, Pan-American Petroleum and Transport, and Atlantic Refining (today Arco).²

On 31 July 1928 Turkish Petroleum's four major groups (plus Gulbenkian) signed a "Group Agreement" that set legal limitations on their ability to act independently in most of the Middle East. Because an accompanying map delimited the vast area where these limitations would apply with a red line (see Map 1), the 1928 deal came to be known as the "Red Line agreement." It was intended to make the multinational consortium into a producers' cartel, for the participating firms foreswore their individual rights to produce,

¹ The government's dominant influence was reinforced in 1931 when the state subscribed 35 percent of CFP's capital in return for 45 percent of the voting shares. Today Total ranks among the largest integrated oil companies in the world, but at this time it was a very modest enterprise indeed. CFP's shares had been introduced on the Paris stock market only in June 1929, and the book value of its capitalization stood at 150 million francs—about \$6 million. By comparison, Jersey Standard's share capitalization in 1930 was over \$1.18 billion, and the net value of its total assets surpassed \$1.6 billion. Calculated from data in Total's corporate records, and from Henrietta M. Larson, Evelyn H. Knowlton, and Charles S. Popple, *History of Standard Oil Company (New Jersey)*, vol. 3, *New Horizons, 1927–1950* (New York, 1971), 813–15.

² Jersey and Socony originally held 50 percent of Near East Development; they subsequently bought up the shares of their three partners and held all of Near East's equity by 1934.

Throughout this article there are references to "the British groups" in the consortium, a term that the French and Americans used to designate Anglo-Persian and Shell. The label was fully warranted in the case of Anglo-Persian (51 percent government-owned), but it is worth recalling for the sake of accuracy that majority control of Shell's operating companies was vested in Dutch, not British, hands. This fact did not prevent Shell from acting, in a diplomatic sense, as a "British" multinational.

entered the employment of the Standard Oil Trust after his father's Cleveland-based oil firm, Scofield, Shurmer & Teagle, was bought out in 1901 and made over into a Standard affiliate as Republic Oil Company. Brought to Standard's head office in New York in 1903, Teagle gained experience in the export trade department and was put in charge of European markets in 1908. A year later he was appointed to Standard's board of directors and then sent to run Imperial Oil, Standard's Canadian affiliate. In November 1917 he was recalled to New York and made president of Jersey Standard a few months before his fortieth birthday.³

After the First World War, Jersey's young president emphasized the company's need to acquire new oilfields outside the United States. Attainment of this goal, he believed, was being blocked by foreign governments, which were "deliberately placing obstacles in the way of those who would like to assist in the development of new sources of supply."⁴ Teagle had a special eye on Mesopotamia (as Iraq was then known), and he alerted the Department of State to signs that the British government did not intend to allow non-British firms to search for oil there. In 1921 he put together the group of American companies that, as Near East Development, sought entry into the Middle East under Jersey's leadership. Teagle did not take this step because he was eager for Jersey to have American partners in the Mesopotamian venture. Rather, it was a tactical maneuver intended to obtain diplomatic backing from Washington. Teagle grasped that, only a decade after the dissolution of the Standard Oil Trust, the Department of State would shy away from the political risk of supporting the main descendent of John D. Rockefeller's oil empire. But, he reasoned, the government could see its way to lending assistance to a heterogenous group of American firms even if Jersey was one of them.⁵

³ The standard source is Bennett H. Wall and George S. Gibb, *Teagle of Jersey Standard* (New Orleans, La., 1974), chaps. 1–6. See also George Sweet Gibb and Evelyn H. Knowlton, *History of Standard Oil Company (New Jersey)*, vol. 2, *The Resurgent Years, 1911–1927* (New York, 1956), 254–58, and Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York, 1991), 197–99.

⁴ B. S. McBeth, *British Oil Policy, 1919–1939* (London, 1985), 58. The quotation is from Teagle's speech to the American Petroleum Institute in November 1920. For an incisive discussion of the link between Teagle's desire to obtain foreign reserves and his determination to preserve Jersey's share of the domestic market, see Diana Davids Olien and Roger M. Olien, "Running Out of Oil: Discourse and Public Policy, 1909–1929," *Business and Economic History* 22 (Winter 1993): 51–55.

⁵ See Everit J. Sadler to Teagle, 27 September 1921: "I agree with your idea that [Jersey] cannot hope to get serious backing from the State Department if it attempts to enter

During the following summer Teagle went to London to represent the American group in talks with British and French negotiators. This was the start of five years of corporate and diplomatic wrangling that eventually resulted in the formal establishment of the Red Line consortium in July 1928. Teagle played a continuing role in these tedious negotiations, and it was he who devised the fig-leaf formula that permitted the State Department to reconcile its "Open Door" principles with the consortium's intention to dominate oil production throughout the Middle East.

The role played by Teagle and Jersey Standard in the battle to get American oil interests into the Middle East has been discussed by both business and diplomatic historians.⁶ In contrast, once American entry into Iraq Petroleum was secured, scholarly interest in the consortium's activities appears to drop away. This neglect is puzzling. Iraq Petroleum had to overcome some quite contentious issues during its start-up years, and it seems only logical to think that Teagle would have been involved in the resolution of these questions. Yet historians have not asked if the head of Jersey Standard continued to play a part in the development of the Red Line consortium after July 1928. For example, in their well-known biography of the president of Jersey Standard, Bennett Wall and George Gibb limit their discussion to a few sentences concerning Teagle's efforts to revise the Red Line agreement so that Jersey might legally purchase some of the crude that California Standard was lifting from Bahrain. Simi-

the Mesopotamian field alone. . . . [Nevertheless] the association [with other firms] is highly undesirable except to gain the support of the State Department." Quoted in Gibb and Knowlton, *Resurgent Years*, 292.

⁶ *Ibid.*, chap. 11; see also Wall and Gibb, *Teagle of Jersey Standard*, 209-16, Benjamin Shwadran, *The Middle East, Oil and the Great Powers* (New York, 1973), 215-38, and Michael J. Hogan, *Informal Entente: The Private Structure of Cooperation in Anglo-American Economic Diplomacy, 1918-1928* (Columbia, Mo., 1977), 178-85. For the U.S. diplomatic campaign in support of the companies, Henry S. Fraser, *Diplomatic Protection of American Petroleum Interests in Mesopotamia, Netherlands East Indies, and Mexico* (Washington, D.C., 1945), 1-30, and John DeNovo, *American Interests and Policies in the Middle East, 1900-1939* (Minneapolis, Minn., 1963), chap. 6, provide the most detailed treatment. See also the summaries by Stephen J. Randall, *United States Foreign Oil Policy, 1919-1948* (Kingston, Ont., 1985), 33-41, Edward W. Chester, *United States Oil Policy and Diplomacy: A Twentieth-Century Overview* (Westport, Conn., 1983), 219-28, and Richard H. K. Vietor, *Energy Policy in America since 1945: A Study of Business-Government Relations* (New York, 1984), 26-27, as well as the colorful sketch by Yergin, *The Prize*, 194-206. There is a stimulating analysis of this episode by William Stivers, "International Politics and Iraqi Oil, 1918-1928: A Study in Anglo-American Diplomacy," *Business History Review* 55 (Winter 1981): 317-40, which distills the conclusions of his monograph *Supremacy and Oil: Iraq, Turkey, and the Anglo-American World Order, 1918-1930* (Ithaca, N.Y., 1982).

larly, the official history of Jersey Standard consigns to a single paragraph the company's association with the Red Line consortium in the 1930s.⁷

This article aims to help fill the historiographical gap by recounting Walter Teagle's role in resolving the most serious conflict that beset the early development of the Red Line consortium.⁸ That issue centered on the construction of a pipeline linking the consortium's oilfield at Kirkuk in northern Iraq with the Mediterranean seaboard, a line that had to be built in order to create an export corridor for IPC's crude liftings in Iraq. But what route was the pipeline to take? This seemingly simple question could not be answered by normal engineering and cost considerations; the choice of route could not be detached from the rival political ambitions of Britain and France in the region.

These two colonial powers had partitioned a large part of the Middle East after the First World War, and their respective administrations (politely dressed up in proper Wilsonian clothes as League of Nations "Mandates") now governed Palestine, Iraq, and Transjordan (all British) plus Lebanon and Syria (both French). This meant that all likely harbors on the Mediterranean coast, along with the inland areas through which the pipeline had to pass, were effectively controlled by one or the other power. For over a century Britain and France had struggled for primacy in the Middle East, and neither their wartime alliance nor the postwar settlement did much to ease this long-standing rivalry. Once the pipeline question was posed, each power quickly found strategic and economic reasons for want-

⁷ Wall and Gibb. *Teagle of Jersey Standard*, 216; Larson, Knowlton, and Pople, *New Horizons*, 146.

⁸ This retelling of the activities of Jersey Standard's president proceeds entirely from sources external to that corporation. Requests for access to the historical records of Exxon and Mobil were turned down—with courtesy, but without possibility of appeal. Two anonymous readers who commented on an earlier version of this paper confirmed the long-standing character of Exxon's archival policy; they also alluded to the widespread rumor that Jersey Standard, stunned by government subpoenas in the early 1950s, subsequently decided to destroy its historical records. Unhappily, this grim possibility is consonant with the explanation I received from Exxon's corporate and public affairs department in August 1988: "To keep the company's storage costs within reason, the vast majority of our files are destroyed after 10 years."

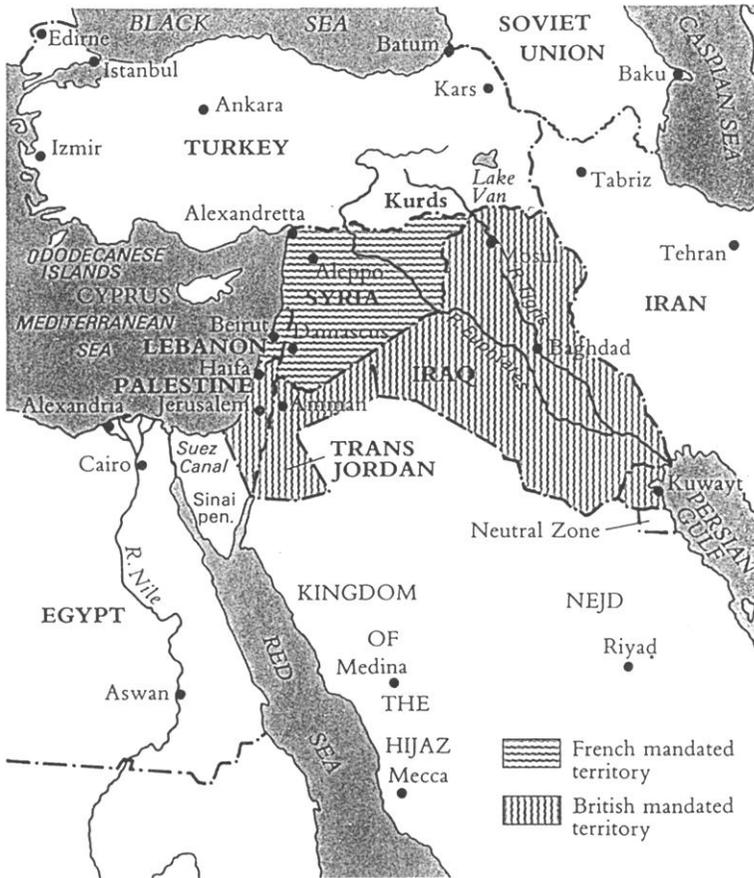
In any case, the sources for this article are derived from the company records of *Compagnie Française des Pétroles* (today, Total) and the state papers of the French foreign and finance ministries. The following abbreviations are used: CFP = records of Groupe Total-CFP; MAE = archives of the *Ministère des Affaires Étrangères*; FIN = archives of the *Ministère de l'Économie et des Finances*. Box, volume, and file indications are listed according to the conventions employed by these depositories. (Documents in French are quoted in translation, which are my own.)

ing the route to run through territory it controlled and to terminate at one of its Mediterranean ports.

To these rival great-power claims were added the personal ambitions of King Faysal of Iraq. A son of Sharif Husayn of Mecca, Faysal had been field commander of the British-sponsored Arab revolt of 1916–18. He championed the cause of Arab self-government at the peace conference, where he canvassed support for the creation of independent states in the Arab lands that had formerly been under Ottoman rule. At the same time Syrian nationalists, appalled at the looming prospect of French colonial control, voted to install Faysal as ruler of a large Syrian kingdom. Paris met this challenge by isolating Faysal diplomatically and obtaining League authorization to establish a mandated regime in Syria. Thus prepared, the French then turned to stronger measures. In July 1920 General Henri Gouraud, acting on orders from colonial hardliners in Paris, intentionally precipitated a crisis. France's *mission civilisatrice* in Syria was ushered in by a division of colonial troops and a squadron of bombing aircraft, who routed the Arab forces, captured Damascus, and sent Faysal packing. Distressed by this embarrassing outcome (but doubtless delighted by a chance to annoy the French), in 1921 London invited the displaced Faysal to take up a new throne in the British mandate of Iraq. He accepted. At the same time the British also set up his younger brother Abdallah as governor of Transjordan, which now became a mandated territory distinct from Palestine.⁹

These dramatic events (the results of which are depicted on Map 2) left King Faysal with a score to settle against the French, and this

⁹ There is an extensive literature on the partition of the Middle East after the First World War. The best scholarly overview remains Jukka Nevakivi, *Britain, France and the Arab Middle East, 1914–1920* (London, 1969), but see also the detailed and very readable account by David Fromkin, *A Peace to End All Peace: The Fall of the Ottoman Empire and the Creation of the Modern Middle East* (New York, 1989). Useful summaries include William R. Polk, *The Arab World* (Cambridge, Mass., 1980), chaps. 8–9; Howard M. Sachar, *The Emergence of the Middle East, 1914–1924* (New York, 1969), chap. 9; and M. E. Yapp, *The Making of the Modern Near East, 1792–1923* (London, 1987), chaps. 5–6. The role of the “oil factor” in the Middle Eastern partition is covered by Marian Kent, *Oil and Empire: British Policy and Mesopotamian Oil, 1900–1920* (London, 1976), and Edward Peter Fitzgerald, “France’s Middle Eastern Ambitions, the Sykes-Picot Negotiations, and the Oilfields of Mosul, 1915–1918,” *Journal of Modern History* (forthcoming, Dec. 1994). For France’s treatment of Faysal, see Jan K. Tannenbaum, *France and the Arab Middle East, 1914–1920* (Philadelphia, Pa., 1978), and Zeine N. Zeine, *The Struggle for Arab Independence: Western Diplomacy and the Rise and Fall of Feisal’s Kingdom in Syria* (Beirut, 1960). For Britain’s decision to “recycle” Faysal, see Aaron S. Klieman, *Foundations of British Policy in the Arab World: The Cairo Conference of 1921* (Baltimore, Md., 1970), chap. 7.



Map 2 • Shown above is the outcome of the great-power partition of the Middle East after the First World War, showing the British and French “Mandates” in the region.

factor naturally came into play during the pipeline negotiations. But sound strategic reasons also reinforced his personal feelings: Faysal wanted the pipeline and its terminus to be situated outside French-controlled territory, so that the colonial administration in Syria would not be in a position to interrupt the flow of Iraqi oil to the coast. Furthermore, Faysal’s personal desire to frustrate France’s Middle Eastern policy fit in with his aspirations to make Iraq the commercial hub of the region and to strengthen his brother’s position in the process. By requiring the future pipeline to pass through Transjordan on its way to Palestine, Faysal intended to lay the groundwork for a future Haifa-Baghdad railroad that would become the axis of economic development in the Middle East.

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In short, the question of the pipeline route was a long way from constituting a straightforward matter of geography and comparative construction costs. Considerations of both great-power and local politics meant that there was no chance of separating the pipeline issue from political ambitions in the rival British and French spheres in the Middle East. Iraq Petroleum found itself caught between these opposing ambitions. Indeed, the great-power rivalry was brought inside the consortium itself by the two member groups that represented the interests of their respective governments: powerful Anglo-Persian for Britain, and nascent *Compagnie Française des Pétroles* for France. At successive board meetings they argued the case for a northern French route versus a southern British alignment.

From 1927 onward the pipeline debate went forward both inside and outside Iraq Petroleum's boardroom, and the issue became a staple of British and French diplomatic exchanges. On the French side the three relevant departments of state—Foreign Affairs, Finance, and Trade and Industry—stood squarely behind their national standard-bearer, though the character of the conflict naturally conferred the major supportive role on the *Quai d'Orsay* and the colonial administrations in the Levant.¹⁰ Across the Channel the bureaucratic lineup in Whitehall was more complex. The Admiralty and the Colonial Office (and its extension, the High Commission in Baghdad) favored a forceful and confrontationist policy with France, whereas the Foreign Office and the British embassy in Paris tended to view the pipeline less as a prize to be won and more as a problem to be managed in order to reach the broader goal of Anglo-French understanding. As for the Treasury, its concern was limited to ensuring that the British taxpayer would not be left to foot the bill for any subsidies intended to enhance the attractions of an “all-British” pipeline route in the eyes of the consortium.¹¹ But whatever the dis-

¹⁰ The Ministry of Finance was initially worried about the price of providing practical support for a French pipeline route. By 1929, however, Raymond Poincaré had agreed to state loan guarantees to back a bond issue by the Lebanese and Syrian administrations so that they could finance infrastructural improvements intended to bolster the case for the northern route. The full cabinet later confirmed this decision. See Poincaré to Mercier, 10 January 1929, and Finance Ministry to Mercier, 2 Jan. 1930, in FIN, B32310, file 4.

¹¹ The best guide to these different bureaucratic orientations is Colin Davies, “British Oil Policy in the Middle East, 1919–1932” (Ph.D. diss., University of Edinburgh, 1973), chaps. 10–11.

positions of individual departments, by 1930 the overall result of the diplomatic wrangle was stalemate.¹²

The Pipeline Route and Concessionary Rights

In one sense the deadlock over the pipeline route should have suited the international companies in the Red Line consortium. It is well established that at this time the international oil majors were increasingly concerned about oversupply in the world petroleum industry. During the interwar period the entire Middle East was only a marginal producer in the world oil industry, and the big players in the Red Line consortium, worried about a worldwide glut of crude, had no reason to want to see this situation change.¹³ This is no doubt why neither Shell nor Anglo-Persian evinced much enthusiasm for the Kirkuk field, whose rich potential had been revealed when Iraq Petroleum's drillers brought in their first gusher at Baba Gurgur in 1927. From this perspective the political stalemate over the route had a silver lining: no pipeline meant that the majors could keep Iraqi crude exactly where they wanted it—safely in the ground.

¹² This is a rather bald summary of an exceedingly intricate story for which there is no really satisfactory account. Standard works on Middle Eastern oil hardly mention the pipeline issue. Shwadran deals with the pipeline in four sentences and does not even allude to the existence of a conflict over its route (*Oil and the Great Powers*, 240 and 242). In his *Oil in the Middle East, Its Discovery and Development* (London, 1954), 76–77, Stephen Hemsley Longrigg summarizes the line's construction but soft-pedals the conflictual aspect, as does Jean Rondot, *La Compagnie Française des Pétroles, du franc-or au pétrole-franc* (Paris, 1962), 39–41. Neither Daniel Yergin's comprehensive history, *The Prize*, nor Fiona Venn's thematic survey, *Oil Diplomacy in the Twentieth Century* (London, 1986), brings up the pipeline problem at all.

A useful if contestable overview of the question is provided by André Nouschi, "Pipelines et politique au Proche-Orient dans les années 1930," *Rérelations internationales* 19 (Autumn 1979): 279–94. The author is unaware of Teagle's role and therefore mistakenly portrays the outcome as the result of French proposals that the American group agreed to accept. A sounder approach, though largely restricted to the British government's part in the story, can be found in Davies, "British Oil Policy in the Middle East," chaps. 10–11. (I am currently at work on a study of the pipeline episode as part of a history of *Compagnie Française des Pétroles* in the Red Line consortium from 1928 to 1948.)

¹³ It cannot be repeated too often that the Middle East became the foremost oil-producing region in the world only well after the Second World War. Before then the Middle East accounted for only a small fraction of global crude production. For example, in 1938 some 15,860,000 tonnes of crude oil were lifted from Middle Eastern fields: 29 percent came from IPC's properties in Iraq, versus 65 percent from Anglo-Persian's long-established fields in southwestern Iran. In comparison, Venezuelan crude output was 73 percent greater than that of the entire Middle East, and U.S. oilfields produced over ten times the volume of total Middle Eastern output in 1938. (My calculations from data provided by Venn, *Oil Diplomacy*, 171, 175.)

Given this outlook, we could expect that the majors would make a virtue of necessity and put the troublesome pipeline issue on the shelf. But they did not. To explain why, we need to understand certain aspects of Iraq Petroleum's concessionary rights in Iraq.

Knowing they had discovered a significant field in Iraq, the majors naturally wanted to gain exclusive control over the entire area where the underground reservoirs were likely to extend. Unfortunately, this aim was at odds with the plot-selection procedure specified in the consortium's 1925 convention with the Iraqi government. That convention gave Iraq Petroleum exploratory access to all of the provinces of Mosul and Baghdad—about two-thirds of the country. But it also stipulated that Iraq Petroleum eventually had to select twenty-four plots (each eight square miles) from that vast area; those plots would then be the properties on which the consortium could actually exercise its concessionary rights. Once that selection was made (the deadline was November 1928), any outside company could ask Baghdad to auction off the remaining plots. Because this auction would be conducted by sealed bids, Iraq Petroleum could not be certain to outbid new entrants with deep pockets.

If a rival group succeeded in gaining control of an adjoining plot, its drillers could tap into the same massive oil pool that Iraq Petroleum had discovered. The result would be cut-throat pumping along rule-of-capture lines. Quite apart from its wasteful effect on aggregate crude recovery, this would cause Iraq Petroleum to lose control over the pace of development of the Kirkuk field. In other words, the consortium would forfeit the possibility of bringing Iraqi oil on-stream gradually so as not to disrupt prices or existing market shares.¹⁴

The majors came to believe that the best way to prevent such an outcome was to revise the terms of their concessionary rights. Talks undertaken in 1928 to extend the November deadline for plot selection evolved into negotiations for a broad revision of the 1925 convention with the Iraqi state. Iraq Petroleum's strategy was to get its concessionary rights restricted to the east bank of the Tigris and have the west bank revert to the government. This change would result in a reduced concessionary area, but as a trade-off the consortium

¹⁴ The majors' fears about potential interlopers were not fanciful. A rival had already appeared in the person of B.O.D. Company, Ltd, a multinational financial syndicate that had approached Baghdad for concessionary rights in 1928. See Longrigg, *Oil in the Middle East*, 74. The best scholarly discussion of the make-up and history of B.O.D. is Helmut Mejcher, *Die Politik und das Öl im Nahen Osten*, vol. 1, *Der Kampf der Mächte und Konzerne vor dem Zweiten Weltkrieg* (Stuttgart, 1980), chaps. 2-3.

would acquire *exclusive* control over the east bank—that is, no adjoining plots could be put up for auction there. Since their geologists believed that almost all of Iraq's oil-bearing land lay to the east of the Tigris, the majors were eager to persuade Baghdad to accept this arrangement. Persuasion came in several forms, including a promise to begin pipeline construction by 1932, so that Baghdad could look forward to vastly increased revenues from oil exports.¹⁵ Anglo-Persian and Shell also displayed an eagerness to meet Baghdad's insistence that this pipeline be routed through Transjordan and Palestine to terminate at Haifa.¹⁶

Thus, it was the majors' desire to protect the Kirkuk field from potential new entrants that induced them to seek a revised concessionary agreement from the Iraqi government. But to get this revision they were obliged to tackle the pipeline question, because Baghdad wanted crude exports to begin as soon as possible. In this way the pipeline issue became inextricably linked to revision of the 1925 convention. Once that linkage had been established, the consortium found that it could no longer afford the luxury of allowing the deadlock over the pipeline route to continue.

The French Campaign for Teagle's Intervention

The impasse over the pipeline had more serious consequences for *Compagnie Française des Pétroles* than for its multinational partners, because the French company possessed no other sources of oil. It pressed for rapid development of the Kirkuk field and, together with the French government, impatiently awaited the day when Iraqi crude could be pumped to the port of Tripoli via a pipeline built through Syria and Lebanon. Indeed, CFP's executives were exasperated by the go-slow policies endorsed by Shell and Anglo-Persian, and during the evolution of the pipeline conflict, they more than once seriously considered suing their partners if the southern alignment to Haifa, demonstrably longer and more costly than the Syrian

¹⁵ See IPC's draft revised convention circulated to the groups on 17 Dec. 1929, FIN, B32310, file 3, and CFP, 81.1/25.

¹⁶ Several considerations stood behind this Iraqi demand. I have already noted King Faysal's political ambitions and his long-standing grievance against the French (and thus against their northern route) for the way they had evicted him from Syria in 1920. His government also desired to obtain a Baghdad-to-Haifa railroad in the pipeline corridor; and the British High Commission in Baghdad supported this objective for the contribution it would make to imperial communications.

route, were selected.¹⁷ The legal argument was that such a decision would violate the French company's rights as a minority shareholder by imposing unnecessary costs on all members of the consortium.

Although CFP's attorneys laid the groundwork for this lawsuit, they warned that the courts would almost certainly uphold any board decision representing three-quarters of Iraq Petroleum's shareholders—in other words, a decision backed by three major groups. Thus, as long as *Compagnie Française des Pétroles* remained isolated within the consortium, a legal challenge would very likely fail. But if the French company could win over one of its partners to the northern route, its chances would be greatly improved, both legally and politically. The American group was the obvious candidate. At various points in the pipeline conflict, the representatives of Near East Development Corporation had shown sympathy for the French view. Moreover, the American group did not appear wedded to the Haifa route, as Anglo-Persian and Shell were.¹⁸ If the Americans could be influenced to arrest the momentum for the Haifa route, the case for the northern alignment might yet prevail.

A rancorous meeting of Iraq Petroleum's groups on 13 August 1930 provided an opening. At that meeting Sir John Cadman, chairman of the consortium's board of directors, pressed the groups to assent to a draft revised convention that would, among other things, give Baghdad the right to determine the location of the pipeline's terminus—in other words, the right to insist on the route to Haifa. This provision was anathema to the delegates from *Compagnie Française des Pétroles*, who were poised to oppose it. But in the event it was Montague Piesse, the English solicitor representing Near East Development, who spoke out first and saved the French from isolation. Piesse said that his remit was limited to the applica-

¹⁷ Dan Towl, Jersey Standard's pipeline expert, put the total cost of a northern line to Tripoli at \$42 million. The two alternative southern routes leading to Haifa were significantly longer and more expensive by \$8 and \$13 million, respectively. (Copies of Towl's report of 26 Feb. 1930 can be found in MAE, RC18-40, B-Pétroles, file 67, and in FIN, B32310, file 4.)

¹⁸ The French Foreign Ministry was convinced that these two companies were colluding in order to obtain a success for British imperial policy, which they saw as Sir John Cadman's special goal. They also believed that Sir Henri Deterding, the influential head of Royal Dutch-Shell, favored the longer Haifa route as a way of delaying development of the Kirkuk field. See Coulondre to Berthelot, 15 Aug. 1930, MAE, RC18-40, B-Pétroles, file 70.



Sir John Cadman, 1933 • Cadman was head of the Anglo-Persian Oil Company and, as chairman of the Red Line consortium, directed negotiations with the Iraqi government. He personally favored a “British route” for the pipeline through Transjordan and Palestine to the port of Haifa. (Photograph reproduced courtesy of British Petroleum, London.)

tion of the convention currently in force; he would therefore need to seek instructions from New York regarding Cadman's proposal.¹⁹

Taking this as a sign that the American group had not yet adopted a firm position, the French launched a campaign to gain a much-needed ally in their struggle for the northern route. On Friday, 15 August, Robert Coulondre, chief of the Foreign Ministry's commercial relations division, proposed that the government make an approach to Walter Teagle, who conveniently happened to be *de passage* in Paris at that moment. Coulondre suggested that contact be established through Horace Finaly, director general of Banque de Paris et des Pays-Bas.²⁰ Paribas (as it was universally known) was one of France's most important and influential investment banks. In 1920 it had provided financial and political support for the creation of one of Jersey's new French subsidiaries, Compagnie Standard Franco-Américaine. Throughout the decade Paribas was connected with the activities of Jersey's subsidiaries in Poland and Rumania; it served as the American firm's banker in France as well.²¹ Paribas was also a founding shareholder in Compagnie Française des Pétroles, and Finaly was a personal friend of CFP's president, Colonel Ernest Mercier. During the drawn-out negotiations in the 1920s over the formation of the Red Line consortium, Finaly had interceded with Teagle to encourage the Americans to adopt a conciliatory attitude toward the ambitions of the new French firm.²² Finaly was thus ideally positioned to act as a go-between with the head of Jersey Standard.

In making his proposal Coulondre was no doubt putting on paper an idea that he had already discussed with Philippe Berthelot, secretary general of the Foreign Ministry; for Finaly (perhaps in

¹⁹ Jules Mény, "Note sur la réunion des groupes à Londres le 13 août 1930," 14 Aug. 1930, MAE, RC18-40, B-Pétroles, file 70.

²⁰ Coulondre to Berthelot, 15 Aug. 1930, MAE, RC18-40, B-Pétroles, file 70. The Foreign Ministry remained convinced that an informal approach via Teagle would be more effective than a diplomatic démarche in Washington. Drafts of dispatches to the Washington embassy show that Paris did consider informing the State Department of the pipeline impasse "in case the American group consults it"; but this was ruled out as "premature" after contacts with Teagle developed. (Coulondre to Jules Henry, 21, 27 Aug. and 10 Sept. 1930, MAE, RC18-40, B-Pétroles, files 70 and 71.) I have found no evidence of a subsequent approach to the American government, and the absence of official American correspondence from the French diplomatic files suggests that Teagle also did not believe Washington's involvement would be useful.

²¹ See Eric Bussière, *Paribas, 1872-1992: l'Europe et le monde* (Antwerp, 1992), 106-9.

²² See Richard F. Kuisel, *Ernest Mercier, French Technocrat* (Berkeley, Calif., 1967), 34.



Horace Finaly • Finaly, who was managing director of the Banque de Paris et des Pays-Bas from 1919 to 1937, served as the intermediary between the French government and Walter Teagle in the course of the pipeline discussions. (Photograph reproduced courtesy of the Banque Paribas Historical Archives.)

response to a phone call from Berthelot) arranged to lunch with Teagle on the very same Friday when Coulondre wrote down his proposal. Since Finaly was unable to bring the conversation around to the pipeline on that day, he invited Teagle to his residence for another luncheon meeting on Saturday, 16 August. When he brought up the problem, Finaly implied that the American group's attitude toward the pipeline could well have domestic political consequences, for he remarked "how useful it could be for Standard to avoid adopting an unfriendly attitude toward France in this pipeline business."

In reply, Teagle refused to commit himself to a particular route, but he did promise to speak directly to Cadman about the issue. In his view the decision ought not to be rushed and should be taken on the grounds of objective economic criteria alone. But, he observed, "how dicey the situation would become" if the American group joined with the French in opposition to the British groups, for that could lead only to "a total impasse." Teagle also countered Finaly's veiled warning with one of his own. Although he desired to show

friendship for France, he felt obliged to point out that he did not understand France's domestic oil policy, "or rather the lack of a clear policy." Jersey had made considerable investments in France, but now its whole future there looked uncertain. "France," he said, driving home the point, "can't expect the majors to furnish friendly support in London if she harasses them at home."²³

Teagle, Cadman, and Tardieu

Teagle left Paris that same evening and saw Sir John Cadman in London the following morning, 17 August. What transpired at that Sunday meeting is not known. However, it is highly likely that Teagle told Cadman that "the French problem" could be neither steamrolled nor finessed, and therefore that the only way out of the dilemma was for Iraq Petroleum to build *two* pipelines.

There are three strong indications that Teagle must have said something like this. First, on the Saturday afternoon before he left Paris, Teagle sent a cable to Dan Towl, Jersey's chief pipeline engineer, in New York, asking him to prepare cost estimates on a bifurcated ten-inch pipeline with a common trunk running to the Iraqi frontier, then one line branching off to Tripoli and the other to Haifa.²⁴ Second, immediately after his Sunday meeting with Teagle, Cadman postponed the Iraq Petroleum meeting scheduled for the following Thursday, at which the issues of the pipeline and the revised convention were set to be debated. Third, on Monday, 18 August, Cadman had a long talk with Leslie Burgin, a noted lawyer and Liberal member of Parliament who also served as Compagnie Française des Pétroles's solicitor in London. Burgin came away from this conversation with the impression that "he [Cadman] seems fully prepared to envision a compromise solution consisting of running one line to Tripoli and another to Haifa."²⁵

²³ Mény to Mercier, 18 Aug. 1930, CFP, 81.1/25; Louis de Sartigues, "Note pour Monsieur de Laboulaye—Pétroles de Mésopotamie," 18 Aug. 1930, and Sartigues to Coulongre, 26 Aug. 1930, MAE, RC18-40, B-Pétroles, file 70. These documents are all based on the account of the meeting that finally gave Jules Mény, a senior CFP executive, on Monday afternoon, 18 August. In addition to the activities of its marketing subsidiaries in France, Jersey Standard was also the majority shareholder in a new refinery then under construction at Port Jérôme in the Seine estuary.

²⁴ Towl had already carried out a field survey of possible pipeline routes in 1929. (See note 13.)

²⁵ Mény to Mercier, 18 Aug. 1930, CFP, 81.1/25. Burgin telephoned this news to Mény at eleven o'clock on Monday evening.

Meanwhile Teagle contacted “a common friend” (a Foreign Ministry document reveals that this was Finaly) and urgently requested him to arrange a meeting with the French prime minister, André Tardieu. This meeting took place on the morning of the following Sunday, 24 August. The two men may in fact have already been acquainted. In 1917 France’s war leader Georges Clemenceau had sent Tardieu as high commissioner to the United States, where he directed the French purchasing mission in Washington. At that time Teagle was a member of the petroleum committee of the Council of National Defense (later, the Petroleum War Service Committee under the War Industries Board). This body dealt with foreign purchase orders for American oil, so it is possible that the two men may have met in this wartime context.

Whether they had or not, Tardieu certainly harbored no fond feelings for Teagle’s firm. When he was preoccupied with chartering adequate shipping for oil deliveries to France in 1917, Tardieu had found Jersey Standard uncooperative in supplying the necessary tankers. As a minister in Clemenceau’s postwar cabinet, Tardieu also witnessed the extraordinary pressure that Jersey brought to bear in 1919–20, when the American firm cut off oil shipments to undermine the French government’s attempt to extend import controls into the postwar years. Although the author of this confrontationist policy was actually Jersey’s chairman, A. Cotton Bedford, Teagle had been president at that time. Thus Tardieu had good reason to be wary of his American visitor.

The two men who now sat down together in the prime minister’s office could not have been more different in appearance and personal style. A huge man alongside the dapper Tardieu, Teagle concealed his sharp mind behind a flat midwestern accent and an easy-going humor. At home in the Georgia backcountry as much as at 26 Broadway, he liked to conclude oil deals in the shooting field, beside a salmon stream, or at the poker table. In contrast, Tardieu was a quintessentially urbane man, a Parisian *grand bourgeois* from the tip of his gold pince-nez to the soles of his patent leather shoes. Cultivated and condescending, with superior intelligence and abilities he saw no reason to hide, Tardieu did not suffer fools gladly. His arrogance and caustic wit won him few friends, and his political enemies mocked his obvious talents with the derisive nickname “Wonderboy.”²⁶

²⁶ “Tardieu le mirobolant,” literally, “Tardieu the marvel.” A member of the Republican Left in the Chamber of Deputies, Tardieu became prime minister in November 1929.



André Tardieu. Teagle explained his idea for the compromise solution of a bifurcated pipeline to the able but aloof French prime minister in August 1930. (Photograph reproduced from Robert Aron, *Les Grandes Heures de la Troisième République*, vol. 6: *Déclin et Mort de la République* [Paris, 1968], p. 66.)

Teagle began the interview by presenting Tardieu with the idea of two separate pipelines to two different terminals. He played down the second-best element in this option, claiming it was more than just a compromise to end the current stalemate. Such an outcome could also confer technical and commercial advantages, about which he would be happy to furnish details. Although he was not sure Anglo-Persian and Shell would accept a two-line solution without some sort of arbitration, at least it presented the possibility of find-

His two cabinets lasted until December 1930, when the repercussions of a financial scandal undermined his parliamentary support. For his career see Rudolph Binion, *Defeated Leaders: The Political Fate of Caillaux, Jouvenal, and Tardieu* (New York, 1960), chaps. 17–23; Jacques Chastenet, *Histoire de la Troisième République*, vol. 5, *Les années d'illusions, 1918–1931* (Paris, 1960), 188–200; and Edouard Bonnefous, *Histoire politique de la Troisième République*, vol. 4, *Cartel des Gauches et Union Nationale, 1924–1929* (Paris, 1960), 369–81, and vol. 5, *La République en danger: des Ligues au Front Populaire, 1930–1936* (Paris, 1962), 1–49. For Tardieu's animus toward Jersey Standard, see Gregory P. Nowell, "The French State and the Developing World Oil Market: Domestic, International, and Environmental Constraints, 1864–1928," *Research in Political Economy* 6 (1983): 236–37 and 239–40.



Walter C. Teagle, 1931 • The Jersey Standard president is shown (on right) in a favorite pursuit, hunting for quail in the backwoods of Georgia; his companion is Robert W. Woodruff, then president of the Coca-Cola Company. (Photograph reproduced from Bennett H. Wall and George S. Gibb, *Teagle of Jersey Standard* [New Orleans, La., 1974].)

ing a way out of the current stalemate. Otherwise Iraq Petroleum's board would remain deadlocked, for in his opinion the British groups would never accept a single pipeline running to Tripoli.

As the interview was coming to an end, Teagle switched topics and brought up the question of oil import licenses. Here he was alluding to the implementation of a 1928 law empowering the French government to regulate petroleum imports by assigning quotas to potential suppliers of crude oil and refined products.²⁷ The law

²⁷ The complex provisions of the law of 30 March 1928 are summarized in L. E. Grayson, *National Oil Companies* (New York, 1981), 24–25, Daniel Murat, *L'intervention de l'état dans le secteur pétrolier en France* (Paris, 1969), 31–32, Eric D. K. Melby, *Oil and the International System: The Case of France, 1918–1969* (New York, 1981), 100–102, and

permitted the government to issue decrees apportioning the majors' share of the French domestic market, thus enabling Paris to make room for Compagnie Française des Pétroles's future crude imports from Iraq. It also sought to build up domestic refining and tanker capacity by requiring potential importers to meet specific conditions in support of these ends in order to qualify for import quotas. Finally, the law endowed the country with a permanent ninety-day stock of oil by constraining licensed importers to maintain an inventory equal to three months of forward consumption.²⁸

The situation created by the 1928 import quota law became more complex after the French government signed a new state convention with Compagnie Française des Pétroles on 19 March 1929. This agreement, which Prime Minister Tardieu had finally submitted to the Chamber of Deputies only a month before his interview with Teagle, authorized Compagnie Française des Pétroles to set up a refining subsidiary, Compagnie Française de Raffinage, from which all licensed oil importers were to be required to purchase 25 percent of their quota volumes. The government's intent was to provide an "automatic" retail market for CFP's share of Iraqi crude by channeling it into the existing domestic distribution system. Established refining companies naturally complained that they were being forced to pay the costs of this policy, and that the provisions of the 1928 law encouraging them to invest in French refineries were now contradicted by the privileged position bestowed on Compagnie Française des Pétroles.²⁹ Thus Jersey Standard had two linked concerns in regard to its operations in France: the future profitability of the new refinery at Port Jérôme (two-thirds Jersey-owned), and the size of its long-term "A-20" quota for imports of crude oil.

Assemblée Nationale, *Rapport fait au nom de la Commission d'enquête parlementaire sur . . . les sociétés pétrolières opérant en France . . .* (Paris, 1974), 103-5. For more detailed analyses, see Guy Di Meo, *Pétrole et gaz naturel en France: un empire menacé*, 1 (Lille, n.d.), 85-92, and Denis Touret, *Le régime français d'importation du pétrole et la Communauté Economique Européenne* (Paris, 1968), 29-36.

²⁸ This provision, which was adopted on national security grounds, actually worked against the overall purpose of the law, which was to give the French state some countervailing power against the "oil trusts." It strengthened rather than weakened the hold of the multinationals on the French market, because the costs of mandatory stockholding (including the construction of new tank farms) raised up-front capital costs and therefore discouraged potential new entrants. See the perceptive remarks by Nowell, "France and the Developing World Oil Market," 246-47.

²⁹ See Kuisel, *Ernest Mercier*, 37-38. The state convention was modified during its stormy passage through the Chamber of Deputies in March 1931, and the obligatory purchase clause was dropped.

In broaching the topic of Jersey's import allocation, Teagle took care to emphasize that the holdup in announcing import licenses was the government's business, not his. Nevertheless he felt obliged to express his concern about the "bad psychological effect" this was creating. Just in case the message might be missed, Teagle was quoted as saying that "if we reach agreement on the pipeline business, it would be a good idea to settle everything else at the same time; but he ended by repeating that he was not asking us [the French government] for anything."³⁰

None of the accounts of this meeting record the prime minister's reply, but it would be surprising if Tardieu expressed anything more than formal thanks for Teagle's opinions on these matters. After all, both were men of great worldly experience between whom explicit commitments would be neither required nor expected. But it is pertinent to point out that the prospect of a bargain along the lines implied by Teagle did not take Tardieu totally by surprise. A senior official from the Foreign Ministry had briefed Tardieu the day before and told him to expect something like this. Referring to what Teagle had already said to Finaly about French oil policy, this official had said, "it is therefore probable that in exchange for his help over the pipeline question, Mr. Teagle will insist on getting certain advantages for Jersey Standard in regard to refinery investment and crude imports."³¹

Whatever else it suggested, Teagle's interview with Tardieu delineated the terms of an arrangement that could break the pipeline deadlock. A day or two afterward, Teagle, again using Finaly as his go-between, supplied Tardieu with a three-page memorandum detailing the costs of his two-pipeline option on the basis of figures that Towl had cabled from New York. Teagle introduced these calculations by saying that although Near East Development had not yet taken a stand, the American group realized that as things now stood its vote for a single pipeline along the northern route would result in an impasse—and that would mean nothing would get done. "Speaking personally," Teagle therefore wanted to recommend running a double pipeline to the Iraqi border and then two separate single lines to the Mediterranean coast—one through Syria and Leb-

³⁰ Laboulaye, "Note—Affaire des pétroles de Mésopotamie," 24 Aug. 1930; Présidence du Conseil, "Note pour Monsieur de Laboulaye," 24 Aug. 1930; Sartigues to Cou-londre, 26 Aug. 1930; all in MAE, RC18-40, B-Pétroles, file 70.

³¹ Laboulaye, "Note pour le Président du Conseil—Pétroles de Mésopotamie," 23 Aug. 1930, MAE, RC18-40, B-Pétroles, file 70.

anon to Tripoli, the other through Transjordan and Palestine to Haifa. Towl had estimated that the construction costs of this solution would be about \$12 million higher than one double line to Tripoli (\$42 million) but just about the same as those for one double line to Haifa (about \$54 million). Operating costs for a bifurcated line would average 1.5 to 2.5 cents more per barrel of throughput than in the case of one double line to Tripoli or Haifa.

Anglo-Persian and Shell, Teagle explained, had already indicated a willingness to pay their pro-rated shares of the extra \$12 million required for the construction of a double line to Haifa—that is, \$3 million each. But \$12 million was also roughly equal to the incremental costs of a bifurcated line (once again, as compared to the lowest cost option of one double line to Tripoli). So a two-line solution would impose extra expenses no greater than those Anglo-Persian and Shell had already agreed to meet for the Haifa route alone. Thus the British groups could not make a financial objection to the new proposal.

As for the French and American groups, the question came down to this: was the solution of a bifurcated pipeline worth the additional \$3 million in capital costs (plus slightly higher operating costs) that each of them would have to bear? In Teagle's opinion the answer was yes. The extra outlay was justified because it would allow Iraq Petroleum to obtain from Baghdad the crucial quid pro quo of a revised concessionary agreement. Moreover, two separate lines would provide the consortium with greater security against interruptions in the flow of crude exports, whether the danger of stoppage came from "wayward tribes" or great-power conflict. Indeed, if either France or Britain were involved in a war, Iraq Petroleum would always have a neutral port to which Iraqi output could be directed.³²

The French Reaction to Teagle's Intervention

French officials made sure the president of Jersey Standard was thanked handsomely for his intervention; in doing so they chose to stress, rather tendentiously, how much the government appreciated "all that you have said about the community of interests between the

³² Untitled and undated French translation of Teagle's memorandum, which Finaly delivered to the prime minister's office on 27 Aug. 1930, MAE, RC18-40, B-Pétroles, file 70.

American Group and the French Group.”³³ Yet in private the permanent officials at the Foreign Ministry were surprisingly reserved about Teagle’s proposed solution. Although they did not object to his bringing the bifurcation plan to Iraq Petroleum’s board, they disliked the extra costs a two-line solution would impose on *Compagnie Française des Pétroles*. But above all they opposed linking a pipeline deal to revision of the consortium’s 1925 convention with Iraq.

Why were they so adamant on this point? The diplomats tended to view revision in a narrow and legalistic light, equating it with an unwarranted diminution of “France’s rights” in Iraq. By this they meant that revision would greatly reduce Iraq Petroleum’s total concessionary area, and with it the 23.75 percent of any *future* oil discoveries that would otherwise accrue to *Compagnie Française des Pétroles*. This fixation on future possibilities distorted the diplomats’ perception of present problems. But a juridical approach appeared sound to them because they had little understanding of the geology of the country. More important, the permanent officials did not really apprehend the dangers that competitive drilling could pose to the development of the Kirkuk field.

Whereas the Foreign Ministry was determined to keep the pipeline issue entirely separate from the goal of revision, the segregation of the two issues created a dilemma for *Compagnie Française des Pétroles*. Teagle’s memorandum to Tardieu had already characterized revision as the principal justification for the higher costs of a two-line solution. He had also pointedly told Finaly that changing the 1925 convention constituted a “very important phase in this [pipeline] question” and that revision was an objective he personally favored.³⁴ Thus if the French company stonewalled on revision of the 1925 convention in order to decouple that issue from the pipeline question (as the Quai d’Orsay wanted), it risked alienating the Americans and losing their potential support for the northern route.³⁵ Yet the diplomats were at first willing to accept this risk. They told Teagle that the pipeline route ought to be settled as a

³³ The letter of thanks came from Finaly, but it was in fact drafted by Louis Pineau, head of the National Fuel Office, and then approved by both the Quai d’Orsay and CFP before it was given to Finaly. “Project de réponse à M. Teagle,” 6 Sept. 1930, MAE, RC18-40, B-Pétroles, file 71.

³⁴ Teagle to Finaly, personal letter, 2 Sept. 1930, MAE, RC18-40, B-Pétroles, file 71. Teagle found it “extremely unfortunate that this question [revision of the concession] has been influenced by political features brought about by the pipeline situation.”

³⁵ Mény, “Note pour M. Tronchère,” 21 Aug. 1930, CFP, 81.1/25. Mény had held talks with Coulondre and Etienne Flandin, minister of trade and industry, and he believed that they shared CFP’s appreciation of this problem.

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prior condition for the discussion of revision. "At the appropriate time the French Government will lend its support to such a discussion [of revision], and it will do so that much more enthusiastically if the pipeline question will have already received a favorable solution."³⁶

But then a new development made the separation of the two issues appear less imperative, even to the Foreign Ministry. On Saturday, 27 September, Philippe Berthelot convened a meeting of senior civil servants and Compagnie Française des Pétroles executives at the Quai d'Orsay in order to define the French company's strategy for the upcoming meetings of the consortium's board. He summarized the problem in what had become conventional terms for the officials: the core of the remaining difficulty was the linkage the British groups had managed to create between revision of the 1925 convention and the pipeline. Why was this a problem? Because Iraq Petroleum's request for a revised concessionary agreement entitled Baghdad to make revision conditional on a counterpart—the construction of the pipeline to Haifa, not Tripoli. "Thus in the pipeline discussions it is important to keep to the solid ground of the 1925 convention."

However, a reply by CFP's president dramatically altered the terms of the discussion. Mercier said he had just spoken with Jersey's representative in Paris, Harry G. Seidel, in a meeting that had been arranged by the ever-active Horace Finaly.³⁷ Seidel had made a point of saying that the American group's desire to see the Kirkuk field brought on-stream was genuine. He then said that in Teagle's two-line formula the northern pipeline to Tripoli could be built and operated jointly by the French and American groups, leaving the southern line to Haifa to be built and operated by Anglo-Persian and Shell. Iraq Petroleum would confine itself to the production of crude; transport would be taken care of by two distinct companies, one for each branch of the bifurcated line. This solution would allow the British groups to build their line where and when they wanted and "thereby reconcile the groups' divergent positions about the rate of development [of the Kirkuk field]." However, Seidel also insisted that the 1925 convention with Baghdad had to be revised at the

³⁶ "Project de réponse à M. Teagle," 6 Sept. 1930, MAE, RC18-40, B-Pétroles, file 71.

³⁷ The meeting took place on Friday, 26 September, in Finaly's residence. Seidel was managing director of Româno-Americana, Jersey's Rumanian subsidiary, and became a member of Jersey Standard's board in 1929. Since 1919 he had been based in Paris with responsibility for Jersey's foreign production operations in Europe and the Middle East. See Gibb and Knowlton, *Resurgent Years*, 276 and 318.

same time in order to obviate the danger of having to confront an interloper in a battle fought according to rule-of-capture procedures.³⁸

Berthelot was greatly impressed by Seidel's proposal, seeing it as a definitive solution to the pipeline conflict. However, Louis Pineau, head of the National Fuel Office and the most rigidly nationalist of all French oil officials, insisted that the French company not agree to any revision of the convention without prior approval by the French government. Mercier responded that his talk with Seidel had convinced him that the American group would not accept keeping the pipeline and revision questions separate. Berthelot then brought the meeting to a close by authorizing *Compagnie Française des Pétroles* to seek a two-line solution built and operated as in Seidel's plan. Although Mercier could discuss revision informally with Seidel (he was scheduled to see him again on the following Tuesday), official discussion of this matter within *Iraq Petroleum's* board was to be conditional on achieving a satisfactory solution of the pipeline question.³⁹

The "October Accords"

On the basis of these instructions *Compagnie Française des Pétroles* immediately asked *Iraq Petroleum* to convene a board meeting in early October to settle the pipeline issue.⁴⁰ But the French company's new optimism turned out to be short-lived. Mercier's second meeting with Seidel on 30 September revealed that the Jersey executive had exceeded his authority when he had proposed a "Franco-American" northern branch of the future pipeline. Seidel now found himself obliged to go back on his proposal, because "it would lead the American group to distance itself from the British groups." Jersey might be willing to accept such an outcome, he explained, but the other members of *Near East Development* doubtless would not.

³⁸ "Réunion chez M. Berthelot, du 27 septembre 1930, au sujet de l'Iraq Petroleum," MAE, RC18-40, B-Pétroles, file 71.

³⁹ *Ibid.* Pineau subsequently upped the stakes to impossible levels by trying to forbid CFP from taking any part in a joint request to the Iraqi government for revision. Pineau to Mercier, 4 Oct. 1930, MAE, RC18-40, B-Pétroles, file 72. (Several documents in the Foreign Ministry's archives convey the unmistakable impression that Mercier and Pineau could not stand each other.)

⁴⁰ Mercier and Cayrol to E. J. Brown (secretary of IPC's board of directors), 27 Sept. 1930, CFP, 81.1/26.

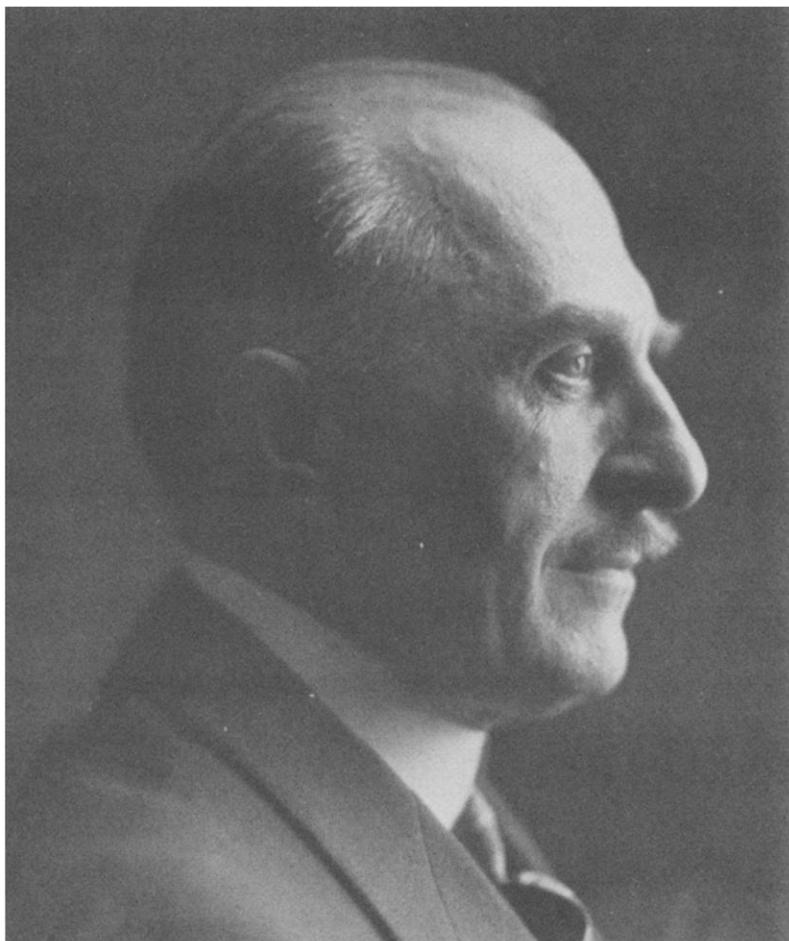
It was more likely that they would be persuaded by the view of the British groups that the pipeline had to be routed to Haifa in order to satisfy Baghdad. "Therefore we should stick with Mr. Teagle's idea of a bifurcated line built and operated in common by all groups in IPC." Finally, Seidel emphasized that, although the American group was ready to pump its share of Iraqi crude through the northern line, its members felt that revision of the 1925 convention was a sufficiently important matter to justify building a southern line as well.

Devastated by Seidel's pullback, Mercier could not stop himself from exclaiming that CFP's endeavors were doomed if it was now going to face opposition "from the only group whose decisions did not seem governed by political considerations." It is a measure of the magnitude of Mercier's dismay that on the following day he proposed to the French government that *Compagnie Française des Pétroles* go ahead alone and construct a pipeline of its own from the Iraqi frontier to Tripoli. This purely French line, Mercier argued, could be built quickly and cheaply—an amazing prediction for a small firm that possessed absolutely no experience in pipeline construction, let alone experience in the difficult conditions bound to be encountered in the Syrian desert. It is a measure of the business naïveté of the officials who listened to Mercier that they gave unanimous approval to his improbable scheme.⁴¹ The diplomats among them might be excused from fully appreciating the engineering difficulties involved. But what is astounding is their failure to take note of one conspicuous political fact: namely, that the viability of a French pipeline across Syria depended on prior completion of a 90 kilometer trunk line *within* Iraq, in order to connect the oil wells at Kirkuk to the Syrian border.

In any event, the French now were heartily sick of the whole matter, a point illustrated by an episode on the following weekend. Sir John Cadman had gone off for a short holiday at Baden-Baden, and he stopped in Paris on his way back. On Sunday morning, 5 October, he met briefly with Mercier and Jules Mény, a senior CFP executive, at the Hotel Bristol. Mercier's account of this confrontation doubtless became dramatized in the telling, but it is clear that *Compagnie Française des Pétroles* had decided to force Iraq Petroleum's chairman to face the fact that a showdown was imminent.

In answer to Cadman's opening question about the current state

⁴¹ "Réunion chez M. Berthelot, du 1er Octobre 1930, au sujet de l'IPC—Pipe-line," MAE, RC18-40, B-Pétroles, file 72.



Ernest Mercier, 1927 • Mercier was founder and first president of *Compagnie Française des Pétroles*, the quasi-national oil company that the French government had asked him to organize in 1923–24. Mercier pressed the case for a “French route” for the pipeline through Syria and Lebanon to the port of Tripoli. (Photograph reproduced from Richard F. Kuisel, *Ernest Mercier, French Technocrat* [Berkeley, Calif., 1967], frontispiece.)

of opinion in Paris, Mercier declared that everyone was “extremely pessimistic.” His own company had finally realized that “it had constantly been manipulated during the last four years” and that its consortium partners wanted to postpone the development of Iraqi oil production indefinitely. *Compagnie Française des Pétroles* was not going to take this any longer, and the government agreed. Iraq Petroleum was already coming under attack in the French Chamber

of Deputies and, Mercier warned, CFP would no longer be able to stave off a hostile press campaign against the consortium.⁴² These implied threats were followed by an explicit warning: Compagnie Française des Pétroles would bring suit as a minority shareholder whose rights were being violated.

Cadman tried to calm things down by putting forward a formal undertaking to provide crude-hungry Compagnie Française des Pétroles with oil supplied “under advantageous terms” from sources outside Iraq—a possibility he had already intimated when he had lunched with Mercier in mid-September. CFP’s president found this offer very significant, “because it proves Cadman’s own intention to delay Iraqi production.” He refused the proposal outright and repeated that, after all the expenses Compagnie Française des Pétroles had had to incur, it was unacceptable that the consortium was still producing no crude exports from Iraq.

Cadman then asked CFP’s president if *he* saw a solution to the deadlock. In reply Mercier disclosed what he termed “the American initiative” and gave an account of Teagle’s meeting with Tardieu. He underlined the fact that the American group had agreed to present the French company’s position to Anglo-Persian and Shell. Cadman’s interest was obviously aroused by this information, and he pressed Mercier for details. But the Frenchman declined to say anything further and broke off the conversation “rather brusquely.”⁴³

From this account we can deduce that Mercier’s dual purpose was to show Cadman that the French were deadly serious about a showdown and to imply that they had American support. His grim demeanor was sufficient to convince Cadman that Compagnie Française des Pétroles would fight; but Cadman would hardly have been cowed by that prospect, for he knew that CFP was a corporate lightweight. The Americans, however, were another matter. A quick check in London apparently convinced Cadman that the entire American group indeed preferred an accommodation along the lines Teagle had suggested to him on 17 August. The upshot was that at 9:30 on Monday morning, 6 October, Cadman telephoned CFP’s

⁴² Far from desiring to prevent such a campaign, Mercier was actually obliquely threatening Cadman with one. The notorious venality of the French financial press meant that CFP would have no trouble fomenting a newspaper attack against IPC—and for a quite modest price. See Jean-Noël Jeanneney, *L’argent caché: milieux d’affaires et pouvoirs politiques dans la France du XXe siècle*, 2d ed. (Paris, 1984), 205–30.

⁴³ Mercier to Berthelot, 6 Oct. 1930, and Mény, “Aide-Mémoire—Entrevue de Sir John Cadman, MM. Ernest Mercier et Mény le dimanche 5 Octobre à 11 heures à l’Hôtel Bristol,” CFP, 81.1/26.

Jules Mény to say that he had already seen Harry Seidel and now believed an arrangement could be arrived at along the lines the French desired.⁴⁴

Three days later Mercier, Mény, and Robert Cayrol (a prominent and pugnacious French oilman who sat on CFP's board) arrived in London, where they learned from Seidel that he had already procured informal agreement from Anglo-Persian and Shell for the American compromise plan. In essence, the deal consisted of their acceptance of a bifurcated pipeline in return for French consent to a revised concessionary agreement for presentation to the Iraqi government. All that was needed, Seidel explained, was for *Compagnie Française des Pétroles* to add its accord; then the agreement could be formally approved at the Iraq Petroleum meeting the next day.

The French oilmen now found themselves in a predicament. They had promised the government that they would not accept a linkage between the pipeline route and revision of the 1925 convention. Yet if, after having requested this special Iraq Petroleum meeting, the French executives now demanded time to refer the whole matter back to Paris, the other groups would accuse them of stalling. They would isolate themselves completely and probably lose American support. So, after considerable reflection, CFP's men decided to grasp the nettle and accept responsibility for breaching the government's instructions. They gave Seidel their acceptance that Thursday night.

Next morning, Friday, 10 October, the consortium's groups met to seal the agreement. Once agreement in principle was reached, an ad hoc committee (including Mercier and Mény) was delegated to draft the official resolutions that would record the terms of the accord. Seidel then introduced these six resolutions to the formal Iraq Petroleum board meeting that Cadman convened at 3:30 the same afternoon. They called for the construction of two single pipelines, one to Tripoli, the other to Haifa, each with an annual throughput capacity of two million tons. The southern line was explicitly presented as a response to Baghdad's demand for the Haifa route, and its construction was linked to the achievement of a successful revision of the 1925 convention. The consortium would set up a single subsidiary to operate both pipelines, and each group would subscribe the necessary capital on a pro rata basis. Despite the

⁴⁴ Mercier to Berthelot, 6 Oct. 1930, and Mény, "Aide-Mémoire—Entrevue de Sir John Cadman, MM. Ernest Mercier et Mény le dimanche 5 Octobre à 11 heures à l'Hôtel Bristol," CFP, 81.1/26.

different lengths, transport charges were to be equal for both pipelines “so that the Groups shall receive their proportion of oil at either seaboard terminal at a uniform cost.” Construction was to begin immediately; meanwhile, the production program for the Kirkuk field would be pushed forward so that the pipelines could be run at full capacity on completion.⁴⁵

After these resolutions were accepted, the board voted to approve a draft revised convention for presentation to the Iraqi government. Then the following Tuesday the major groups met at CFP’s urging to approve a memorandum of agreement on the implementation of the board’s decisions. This document specified that the northern line to Tripoli was to be built as quickly as possible, with construction teams working from both ends with the help and assistance of all members of the consortium.⁴⁶

The French baptized these key decisions the “October accords.” For *Compagnie Française des Pétroles* they constituted a highly satisfactory outcome, and the executives of the French company took pains to try to convince government officials that this was indeed the case.⁴⁷ Although the National Fuel Office continued to fret about the terms of the revised concession, Coulondre at the *Quai d’Orsay* accepted the company’s reasoning and echoed it in an official briefing paper he drew up for the foreign minister. He emphasized, quite correctly, that the agreement could not be judged on a point-by-point basis because its provisions “constitute a whole, which, as we have seen, the American group refused to deal with as separate issues.” Furthermore, CFP’s gains could be appreciated only in the context of the formidable struggle the French company had faced:

Within the Red Line consortium, the tendency of the majors to cut back on oil output throughout the world was translated into an attempt to delay construction of the pipeline and put off for seven more years the development of Iraqi reserves. French opposition, along with friendly support from the American group, enabled us to reverse this situation and obtain priority for the construction and

⁴⁵ IPC board of directors, minutes of the meeting of 10 Oct. 1930, MAE, RC18-40, B-Pétroles, file 72; IPC, “Pipeline to Mediterranean Seaboard,” 10 Oct. 1930 [the six resolutions]; Mény to Borduge, 16 Oct. 1930, FIN, B32310, file 4; Mény to Pineau, 16 Oct. 1930, CFP, 81.1/27.

⁴⁶ French translation of an untitled IPC memorandum, 14 Oct. 1930, MAE, RC18-40, B-Pétroles, file 72.

⁴⁷ See, for instance, Mény to Pineau, 16 Oct. 1930, and CFP to Pineau, 30 Oct. 1930, CFP, 81.1/27. These long memoranda were written to explain and justify the company’s assent to the October accords. Several parts display a markedly defensive tone, showing that CFP’s executives expected criticism that they were concerned to deflect.

immediate operation of a pipeline to Tripoli. That means the assurance that within three years France will be receiving at least 500,000 tons of Iraqi crude annually.

It was obviously in the national interest to have France obtain as much as possible of its crude oil requirements from Iraq as quickly as could be managed. All things considered, the October accords, Coulondre concluded, served this interest well.⁴⁸

The Final Settlement

The October accords did not bring the pipeline story to a neat conclusion. Five months of further negotiations were necessary before the Red Line consortium reached agreement with Baghdad on the routing of the pipeline and the revision of Iraq Petroleum's concession. Those months were punctuated by more wrangles within Iraq Petroleum. The partners quickly disagreed about the interpretation of the October accords, and by December CFP's executives had decided the treacherous Anglo-Saxons were trying to double-cross them yet again. These suspicions were reinforced by Cadman's request for *carte blanche* on the eve of his departure for Iraq, where he was to take personal charge of the negotiations—a request that became little different from a demand when the Iraq Petroleum chairman threatened to resign if the groups did not go along.

The French interpreted this episode as a British ploy to nullify the October accords. Once again they looked to Teagle for help, and once again they used Horace Finaly as their intermediary. Finaly had a long talk with Jersey's Harry Seidel about these matters on 20 December 1930. The following day he sent a lengthy cable to Teagle to protest the supposedly duplicitous conduct of the British groups—which, he implied, was connected to behind-the-scenes prodding by Whitehall. After threatening that *Compagnie Française des Pétroles* would seek a court injunction to block "Cadman's maneuver," Finaly ended with an appeal to the president of Jersey Standard: "We see no way of getting out of the current impasse unless, just like last September [*sic*], you exercise your great personal authority, in which we place so much confidence, to get Sir John Cadman to realize he is on the wrong track. Needless to say, a wise and dispassionate word from you will be very much appreciated here

⁴⁸ Coulondre, "Note pour le Ministre," 7 Nov. 1930, FIN, B 32310, file 4.

in Paris." Teagle replied within two days, saying that Finaly's telegram was the first he had heard of these problems and that he would try to find out what was going on. The following day, Christmas Eve, Jersey's head office telephoned Compagnie Française des Pétroles in Paris to reassure the French that the American group was adhering firmly to the October accords and would make this point clear to its partners in London.⁴⁹

But Jersey Standard was something more than the voice of Compagnie Française des Pétroles in London, and Paris eventually found that Teagle's influence could cut both ways. During the last leg of the negotiations, the location of the pipeline's point of bifurcation became a tremendously contentious issue. The French had assumed that the fork separating the two lines would be at or near Abu Kemal, where the lay of the land suggested it should be sited. However, Baghdad (probably at the urging of the British High Commission) insisted that it be situated much farther south, at Rutba. The French fought this demand vehemently, for a southern site would serve to make the northern line as long and as expensive as the route to Haifa (see Map 3).

When the whole deal seemed to be coming unstuck over this issue, Teagle decided to warn the French about the need to be more accommodating. On Monday, 16 February 1931, he had a long talk in New York with Maurice Léon, a French businessman working on Wall Street. In this conversation Jersey Standard's president characterized the Iraqi government's demands in the negotiations as "insignificant" in comparison with the immense advantages to be gained from a revised concession. He believed CFP's executives did not really grasp the necessity of revision because they had never had to deal with the problems caused by competitive drilling into the same reservoir—something about which their American colleagues in the consortium had learned the hard way.⁵⁰

As for France's grievances against London and Baghdad, Teagle pointedly reminded Léon that British interests made up half of Iraq

⁴⁹ Finaly to Teagle, telegram [French version], 21 Dec. 1930, and Tronchère to Pin-eau, 24 Dec. 1930, CFP 81.1/27; Berthelot to Coulondre, handwritten summary of a phone conversation with Finaly, 23 Dec. 1930, and Tronchère to Berthelot, 24 Dec. 1930, MAE, RC18-40, B-Pétroles, file 73.

⁵⁰ Here Teagle was touching, albeit obliquely, on another difference that separated CFP from the other major groups in the Red Line consortium. CFP was not just a small company in a world of giants. Then in existence for six years, it had yet to produce a single barrel of oil. This point goes far to explain the majors' ill-disguised condescension toward the ambitions of the French company, as well as the extreme sensitivity of CFP's executives to slights, real or imagined, from their partners.

Petroleum and that the consortium's oilfields were located in a British mandate. Nothing good, he emphasized, could be secured by quarreling with London, especially over issues that were clearly of secondary importance—a category in which he apparently placed the dispute over the bifurcation point. He went on to say that it was in the consortium's long-run interest not to poison relations with Iraq, and he clearly implied that it was reasonable to accept Rutba as the point of bifurcation. In his opinion, *Compagnie Française des Pétroles* “would do well to avoid polemics over the bifurcation site, because a compromise leading to concrete results will be a lot better than a long argument—even one waged in defense of a theoretically justifiable position.”⁵¹

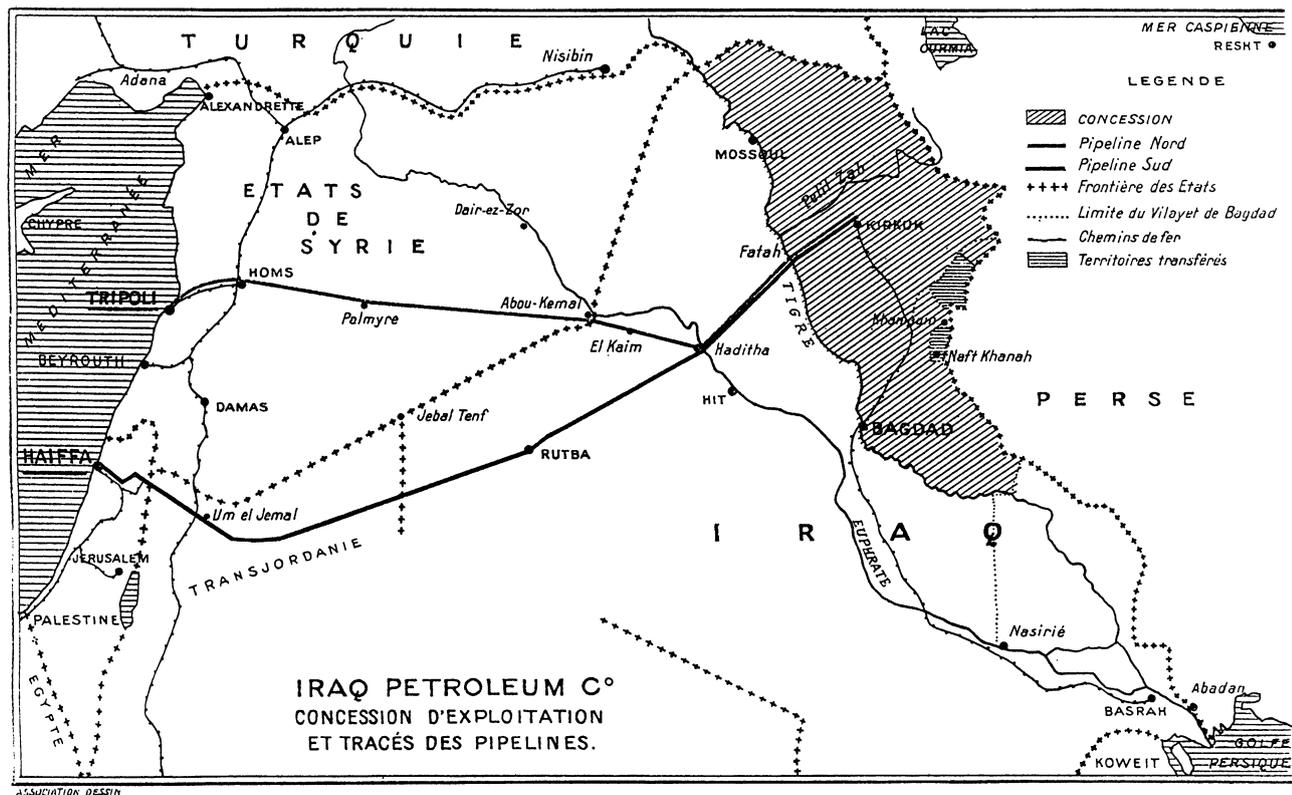
The French eventually put forward Haditha as a compromise location for the bifurcation point, and this was accepted by all parties. Then, after everything appeared settled, Cadman and Iraq Petroleum's new managing director, John Skilros, found themselves facing a fresh battle against a set of Iraqi tax demands in the final weeks of the negotiations. Exasperated by this turn of events, Cadman made a dramatic departure from Baghdad; but the talks were not broken off. Finally, after almost two years of wrangling, the two sides signed a revised convention on the evening of 24 March 1931. This agreement gave Iraq Petroleum the exclusive concessionary terms it wanted, allowing for full protection of the Kirkuk field, and the Iraqi government accepted Teagle's two-line solution (see Map 3). The Anglo-French pipeline conflict was over.

The Significance of Teagle's Role in the Pipeline Conflict

In his aptly titled book *Informal Entente*, Michael Hogan has demonstrated how the efforts of private business leaders helped to iron out contentious issues in Anglo-American economic relations after the First World War.⁵² Teagle's intervention in the pipeline affair obviously falls into this category of informal “business diplomacy.” But at the end of the day, just how important were the actions of Jersey's president in breaking the deadlock over the pipeline route?

⁵¹ Léon to Berthelot, personal letter, 18 Feb. 1931, MAE, RC18-40, B-Pétroles, file 75. Léon said his talk with Teagle had taken place on a confidential basis; there can be no doubt, however, that Teagle knew his interlocutor would inform the Quai d'Orsay of his advice.

⁵² A full citation of the Hogan book appears in note 6.



Map 3 • This French map shows the pipeline routes and the consortium's revised concessionary area in 1931. The French had wanted the bifurcation to be sited at Abu Kemal, but the Iraqi government (probably at British urging) insisted on Rutba. Haditha was chosen as a compromise, and the double trunk line was built from there to the wellhead at Kirkuk.

What does the French evidence tell us about the significance of Teagle's involvement in the Anglo-French conflict?

The first point to establish is that the concept of a bifurcated line was not Teagle's own invention. The French had already floated this as a possible outcome in the spring of 1928, and in August 1929 Cadman himself had forecast that political complications might well necessitate a two-line solution.⁵³ But these were just straws in the wind, not serious or detailed proposals. More to the point was the survey work of Jersey's Dan Towl. He had put forward the option of a two-line routing in the supplementary engineering report he had submitted to Iraq Petroleum's board early in 1930—a point that Teagle readily acknowledged in his memorandum to Tardieu.⁵⁴ The idea of a bifurcated pipeline was therefore not an inspired improvisation on the part of Jersey's president. But it was a decisive initiative nonetheless. What made this so was the effect Teagle's position had on Sir John Cadman.

In any telling of the pipeline saga, Cadman must be cast as the central character. As chairman of the Red Line consortium, Cadman oversaw the pipeline negotiations from London. What the consortium's board learned of the progress of these negotiations came largely from what he chose to tell them. At certain critical moments, most notably in January and February 1931, Cadman went off to deal with the Iraqi government in person. In short, whereas Teagle's connection with the pipeline affair was episodic, Cadman's involvement was central and continual.

That being the case, how can it be said that it was the president of Jersey Standard who played the decisive role in breaking the log-jam over the pipeline route? The answer is that Teagle's intervention was effective not because he stood at the center of the pipeline negotiations, but rather because he decisively influenced the man who *was* standing there. Teagle's role was crucial because in August 1930 he began the process of convincing Cadman that a compromise could not be avoided if the pipeline was to be built at all.

Although there has been no adequate investigation of Cadman's role in the whole affair, enough evidence exists to allow a strong presumption that he was seeking a result in line with the interests of both his own company, Anglo-Persian, and of the British govern-

⁵³ Davies, "British Oil Policy in the Middle East," 350.

⁵⁴ IPC, "1929 Pipe Line Survey, Addenda to Report by Mr. D.O. Towl," pp. 19–21, in FIN, B32310, file 4; undated French translation of Teagle's memorandum sent by Finaly to the prime minister's office on 27 Aug. 1930, MAE, RC18-40, B-Pétroles, file 70.

ment as well. In short, he too wanted the pipeline to run to Haifa.⁵⁵ Despite his earlier musings about the possibility of a two-line solution, Cadman had come to believe that this was simply not practicable—a point he made in the spring of 1930 to a British cabinet committee that was examining the pipeline question.⁵⁶ When Compagnie Française des Pétroles and its chairman kept pressing for selection of the northern route, Cadman, with his personal commitment to a southern alignment, was comfortable resisting the French case. Although Mercier was an important figure in French business circles, neither he nor his company counted for anything in the world of international oil, and the consortium's chairman could afford to ignore them.

But Cadman could not afford to ignore Walter Teagle or Jersey Standard. He had known Teagle since the negotiations over American entry into the Red Line consortium in the early 1920s. In September 1928 he, Teagle, and Shell's Henri Deterding had hammered out the celebrated "As Is" agreement to fix market shares and prices for oil sales outside the United States. These three men were princes of the international petroleum industry. When one of them spoke, the others had no option but to listen.⁵⁷

Moreover, although the conflict centered on the pipeline, both Cadman and Teagle were really after bigger game: a revised concession with Baghdad. Teagle, like Cadman, knew that the route to successful revision was the route that led Iraq Petroleum's pipeline to Haifa, if only because Baghdad refused to countenance a single route to Tripoli. But unlike Cadman, Teagle grasped the paradoxical element that the conflict had generated: namely, that the only practical way to obtain a decision for Haifa was to satisfy the French over the northern alignment. In other words, he understood that further struggle along "either/or" lines could mean only continued deadlock—which in turn would mean neither revision of the convention nor protection of the Kirkuk field against potential interlopers.

⁵⁵ The anecdotal biography by John Rowland and Basil Cadman, *Ambassador for Oil: The Life of John, First Baron Cadman* (London, 1960) is of little use for this question. As the head of Anglo-Persian, Cadman figures prominently in R. W. Ferrier, *The History of the British Petroleum Company*, vol. 1, *The Developing Years 1901-1932* (Cambridge, England, 1982). Unfortunately the brief section Ferrier allocates to Iraq does not take up the pipeline issue at all. The best indications of Cadman's "hidden agenda" on the pipeline are given by Davies, "British Oil Policy in the Middle East," 305n2 and 307.

⁵⁶ Davies, "British Oil Policy in the Middle East," 350.

⁵⁷ Recall Mercier's account of his stormy talk with Cadman on 5 October 1930; Cadman had been most interested in Mercier's reference to Teagle's interview with Tardieu and his intimation of American support for the French group.

By convincing Cadman that “either/or” had to be changed to “both,” Teagle opened the door to a settlement.

As the negotiations passed into their final stage in the winter of 1931, a tired Cadman held staunchly to Teagle’s two-line solution. Throughout the conflict, Paul Lépissier, the chronically suspicious French consul in Baghdad, had sent Paris many a dramatic dispatch replete with tales of British intrigue. But now even he was compelled to admit that the British camp in Baghdad was split as a result of the actions of Iraq Petroleum’s chairman, for “Sir John Cadman [had] loyally defended the case for the French route right in the face of opposition from the British high commissioner himself.”⁵⁸ Cadman did so not because he personally favored two lines—as we have seen, he did not—but because he had come to understand that the French could not be persuaded to abandon the Tripoli alignment and that to force them to do so would create only a permanent roadblock to revision of the 1925 concession. In any case, support from the American group for Teagle’s compromise solution meant that “forcing the French” was not practicable.

At the end of the day, therefore, the significance of Teagle’s intervention lay in the fact that it obliged Cadman to see bifurcation as a fact of life that had to be accommodated. It is a tribute to Teagle’s acumen that he recognized this as the only feasible way of extricating all of Iraq Petroleum’s member groups from the pipeline deadlock; it is a tribute to Cadman’s realism that he was ultimately willing to craft a solution around Teagle’s “fact of life” rather than around his own desires.

It remains to ask what Jersey Standard “got” from Teagle’s intervention in the pipeline conflict. This is a question which, given the evidence currently available, cannot be given a definitive answer. But the query alone is tantalizing.

In 1931 the French government finally published its decrees allocating oil import quotas. Jersey’s French subsidiary, La Standard Française des Pétroles, received by far the single largest allocation—double the quota assigned to La Société des Pétroles Jupiter (a Shell company) and triple that given to Société Générale des Huiles de Pétrole, which was Anglo-Persian’s affiliate in France.⁵⁹ No evidence yet uncovered authoritatively links the size of Jersey’s allocation to Teagle’s helpful stand on the pipeline issue or to his suggestive conversation with Prime Minister Tardieu on 24 August 1930. Indeed,

⁵⁸ Lépissier to MAE via Beirut, telegram, 26 Jan. 1931, MAE, LE18-40, Irak, vol. 70.

⁵⁹ Di Meo, *Pétrole et gaz naturel en France*, 1:93.

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Tardieu was no longer in office by the time the details of the A-20 import licenses were announced. Nevertheless, it is difficult to resist some *cui bono* reasoning here—a line of proceeding that is never conclusive but always provocative.

Perhaps some day a more open policy on the part of the French National Archives may allow a full answer to this question.⁶⁰ For the moment we can simply note that the advent of Compagnie Française des Pétroles as a privileged “national” oil supplier in France meant that Jersey’s position in its third-largest European market was bound to erode once Iraqi exports began. Nothing but a phenomenal jump in French petroleum consumption could alter that prospect. However, the size of its import allocation meant that Jersey could face the prospect of increased competition from a position of relative strength. Thus, in addition to its impact on the pipeline stalemate, Teagle’s intervention apparently earned Jersey a market-share cushion in France well beyond what the American firm might otherwise have expected—and one that was significantly greater than anything its British rivals were able to obtain.

⁶⁰ Both Total and the French Foreign Ministry have been exceptionally cooperative in opening their rich collections for this research project. Although somewhat less forthcoming, the French Finance Ministry has also allowed access to an important range of files. The same cannot be said of the French National Archives, which holds the papers of the Ministry of Trade and Industry and the National Fuel Office. A request to examine those records was summarily refused in 1989.

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Cover: Oil and Diplomacy in the Middle East

In the wake of the Middle East's partition after the First World War, as the great powers and their oil companies maneuvered for position in the region, international diplomacy and business interests intersected in a complicated series of negotiations designed to defend company and national preferences and to maximize control over the oilfields to come. Shown on our front cover is one of the principal players in this story, Walter Teagle of Jersey Standard, posing in 1917 at Standard Oil's New York office in front of the rolltop desk formerly used by John D. Rockefeller. Our back cover depicts Baba Gurgur no. 1, the discovery well at Kirkuk that came in in October 1927, providing members of the Red Line consortium with the first tangible evidence of the field's great potential.

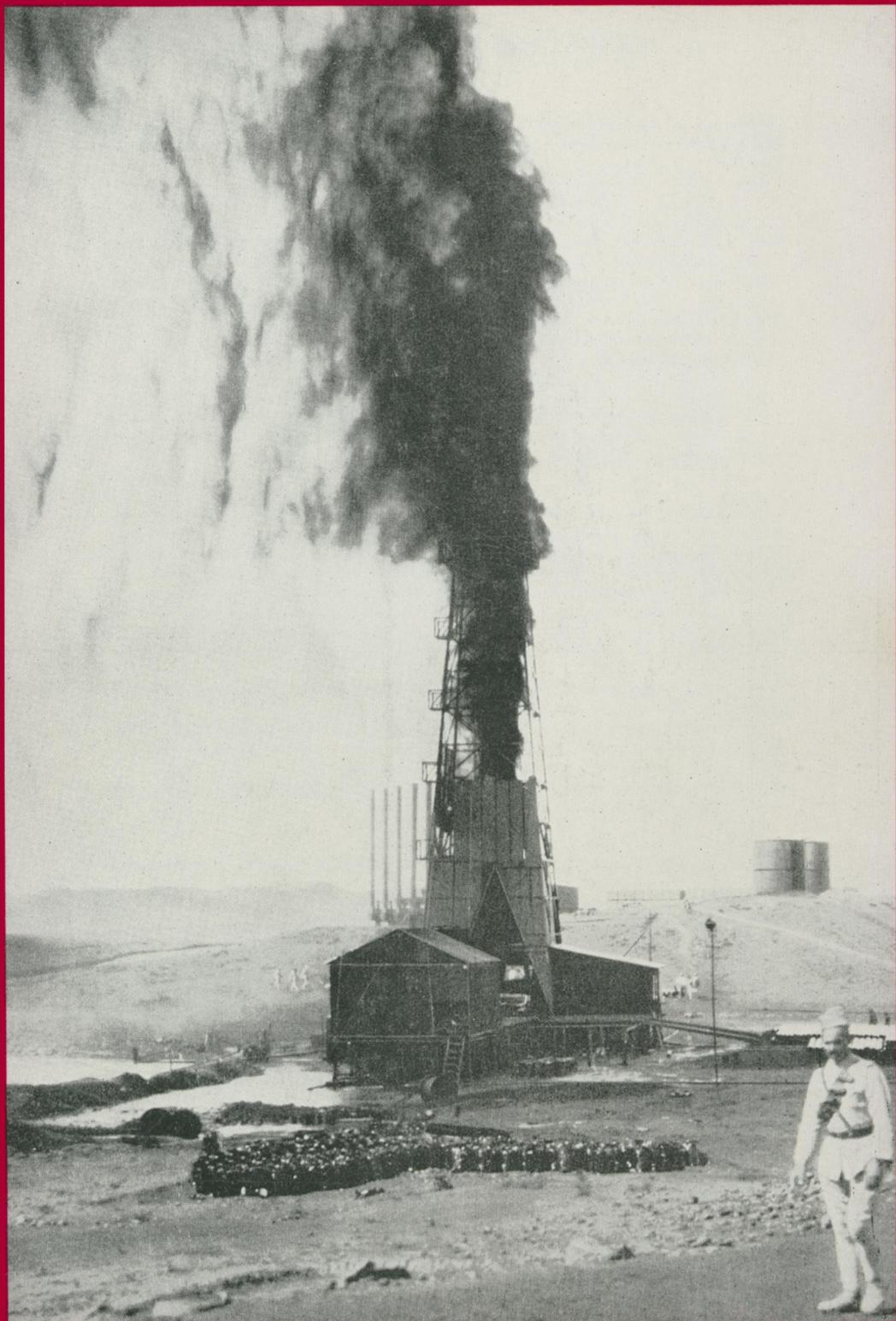
(Teagle photograph reproduced courtesy of Exxon Corporation; Baba Gurgur well reproduced courtesy of British Petroleum.)

For an article describing these events in detail, see pp. 207-245.

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[Footnotes]

⁶ **International Politics and Iraqi Oil, 1918-1928: A Study in Anglo-American Diplomacy**

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