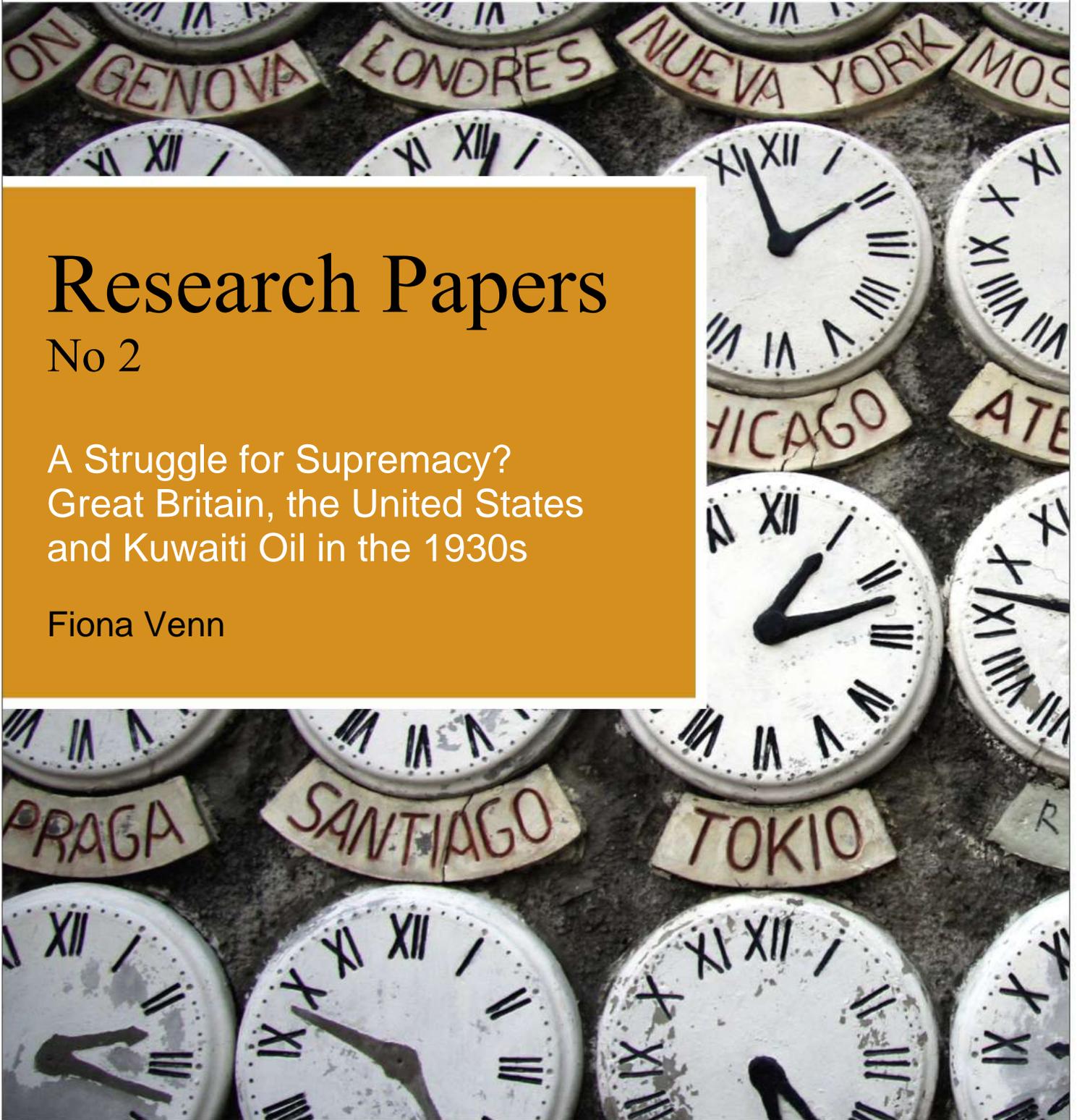




University of Essex

# Department of History



## Research Papers

No 2

A Struggle for Supremacy?  
Great Britain, the United States  
and Kuwaiti Oil in the 1930s

Fiona Venn

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## **A Struggle for Supremacy? Great Britain, the United States and Kuwaiti Oil in the 1930s**

In 1903, the British Secretary of State for Foreign Affairs, Lord Lansdowne, stated that 'we should regard the establishment of a naval base, or of a fortified port, in the Persian Gulf by any power as a very grave menace to British interests, and we should certainly resist it with all the means at our disposal.' Nearly 80 years later, the President of the United States, James Carter, used his 1980 State of the Union Address to proclaim the so-called Carter Doctrine, stating, in almost identical terms, that 'an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America. And such an assault will be repelled by any means necessary, including military force.'<sup>1</sup> These quotations encapsulate neatly the transfer of supremacy in the Persian Gulf from Great Britain to the United States. But when, exactly, did that transfer of supremacy take place?

There are strong grounds for arguing that it occurred during the 1920s and 1930s. It is in this period that oil concessions were granted along the Persian Gulf littoral, concessions that were to become the main source of economic activity and government revenue in years to come, thus guaranteeing their centrality to the political as well as the economic development of the small shaikhdoms. During the inter-war period, American oil companies were able, in the face of determined opposition from parts of the British Government, to win a substantial share in the oil reserves first of Iraq and then the Persian Gulf and the wider Arabian peninsula. By 1934, an American company, the Standard Oil Company of California (Socal) held the concessions for Bahrain and Saudi Arabia; another American oil interest, the Gulf Oil Company, held a half share in the Kuwait Oil Company, the other partner being British (the Anglo-Persian Oil Company); and US companies were also represented in the multinational Iraq Petroleum Company, which controlled the Iraq and Qatar concessions and had shown some interest in the Trucial States (now known as the United Arab Emirates).<sup>2</sup>

With the concessions came other forms of American involvement and influence. American drillers and other oil workers soon entered the region, and United States Government representatives in the area, such as those in Iraq, Aden and Egypt, were increasingly called upon to protect the interests of American citizens working in the Arabian Peninsula.<sup>3</sup> Moreover, the United States Government was prepared to use whatever political pressure

it possessed in support of American companies seeking concessions. In 1931, when it officially recognised the government of King Abdul Aziz ibn Saud in the Nejd, this was in response to a request by the Saudi Government, and a search of State Department records does not suggest that possible oil concessions played any part in government policy.<sup>4</sup> The case was different, however, two years later, when the Americans displayed considerable eagerness to celebrate the centenary of the Treaty of Friendship signed between the ruler of Muscat and Zanzibar on the one hand, and a representative of President Andrew Jackson on the other. This enthusiasm, which followed a British refusal to re-negotiate the terms of the treaty specifically to protect the interests of American oil companies, was explicitly because ‘. . . American companies have shown a prominent interest in the Persian Gulf . . . It is quite probable that their interests may later include the territory of Muscat.’<sup>5</sup> It is clear that as American oil interests in the region increased, so too did State Department interest in its politics.

American companies gained the concessions in the face of strong opposition from within the British Government; in particular the Government of India bitterly resisted attempts by American companies to create a foothold in the Arabian Peninsula, and penetrate the jealously-guarded British sphere of influence in the Persian Gulf. One reason for that opposition was the belief that with the acquisition of economic interests, it was inevitable that political involvement by the United States Government would follow.<sup>6</sup> These suspicions were apparently borne out in succeeding years. During the Second World War the United States Government extended Lend Lease to the Saudi Arabian Government, and after the war other assistance was given, in the form of technical aid and expert advisers to help with financial organisation, agricultural improvements and development more generally.<sup>7</sup> With the 1950s came the American sponsorship of the Baghdad Pact, the Eisenhower Doctrine and intervention in the Lebanon.<sup>8</sup> By 1980, American interest in the Persian Gulf led to the Carter Doctrine and eventually, in 1990-1, American involvement in the coalition formed to drive the Iraqis out of Kuwait.<sup>9</sup> Thus, the determination of the United States Government to win for its oil companies a share in the oil riches of the Arabian Peninsula had inexorably led to political as well as economic involvement. The complex negotiations of the 1930s had signalled the demise of Great Britain as a political as well as an economic force within the Persian Gulf, although it was not until 1971 that full British withdrawal of its military presence in the Gulf took place.

However, this picture of an inevitable transfer of supremacy set in train by the first concession should be considered in the light of the growing body of historical literature which, in looking at Anglo-American relations generally during the 1920s and 1930s, argues that the battle for supremacy was far from over. This view has been advocated particularly strongly by B. McKercher, who argues that the economic, diplomatic and naval gains made by the United States during the First World War, some at Britain's expense, were by no means irreversible. Indeed, they were mainly confined to the economic sphere, and did not seriously challenge Great Britain's naval and military strength, or her position as an imperial power of great influence, with a significant role within the European balance of power. Both sides recognised that a struggle for supremacy existed, and Great Britain was not slow to resist the American challenge. By 1929, the battle was far from over; and after that date, whilst both countries suffered financially and internationally, Great Britain still retained its powerful Navy, its global strategic dominance, and its role in Europe's balance of power. The United States, on the other hand, was in economic disarray, and failed utterly to influence the Far Eastern crisis. It was not until the Second World War, in other words, that the United States launched a successful challenge to British supremacy. Great Britain was weaker, certainly; the main locus of economic power had passed to the United States. This, however, was a far cry from concluding that Uncle Sam had succeeded John Bull, that the transfer of supremacy was complete.<sup>10</sup>

It is in this context that I wish to re-examine the process through which the Kuwait Oil Company was set up as an Anglo-American consortium. I have argued elsewhere that the fact that American oil interests prevailed in so many Middle Eastern concessions, in the face of apparently unassailable legal rights held by the British Government as mandatory or protecting power, reflected the weakened position of Great Britain, the constant determination of the Foreign Office not to obstruct needlessly United States interest, and, in the case of Kuwait, the particular issue of the war debts.<sup>11</sup> However, this apparent assertion of economic rights on the part of the United States did not necessarily reflect political gains. Undoubtedly, the acquisition of substantial oil interests in the region marked the beginning of enhanced American involvement in its politics and defence. It remains to be seen, however, what factors governed the choice of concessionaire, and whether possible American involvement was seen as a threat by the British in the same way as they had viewed with suspicion earlier attempts to penetrate the Persian Gulf. It is this wider political context, rather than the

simple matter of the granting of the concession, upon which I shall focus in the remainder of this paper.

Although British interest in the Persian Gulf dated back to the early nineteenth century, initially, it had been entirely based around maritime interests. The predominant concern was that there should be no naval threat to shipping in the Indian Ocean, as presented by the Gulf 'pirates', many operating from the small states now known as the United Arab Emirates. Using British naval power, a permanent maritime truce was established (hence the collective name given to the emirates from the 1820s onwards, the Trucial States).<sup>12</sup> However, in the late nineteenth and early twentieth centuries, around the time of the Lansdowne declaration, a new threat to British control over communications arose, this time by land rather than sea. In the age of railroads, there were plans for a German-sponsored extension of the Baghdad Railway to an outlet in the Persian Gulf, ideally Kuwait. At the same time, Russia was seeking a naval base at the head of the Gulf, and was also seeking railroad rights.<sup>13</sup> In 1899 the British concluded a treaty of protection with the ruler of Kuwait, along the lines of treaties they had already concluded in the early part of the nineteenth century with Bahrain and the Trucial States. By this agreement, the Shaikh of Kuwait pledged not to receive representatives of foreign powers, sell or lease land, or conduct foreign policy without the agreement of the British Government.<sup>14</sup> Shortly thereafter, in 1904, the first Political Agent was appointed, a British member of the Government in India, who was responsible for giving advice to the Shaikh (that advice, particularly in foreign affairs, was effectively binding upon the ruler); his responsibility was to the Political Resident in the Gulf and through him the Government of India, rather than the India Office in London.<sup>15</sup> In 1913, the Shaikh of Kuwait promised Great Britain that he would not give an oil concession to anyone except a person appointed by the British Government.<sup>16</sup> So, by the outbreak of war in 1914, at which point the British recognised Kuwait's complete independence from the Ottoman Empire, Kuwait was effectively a British protectorate, and the British had an exclusive oil agreement. The determination expressed in the 1903 Lansdowne declaration, to repel all foreign intervention in the Persian Gulf, continued even after the First World War and the Russian Revolution effectively destroyed the immediate threats posed by Germany and Russia. In 1918, the Foreign Office stated that 'It is imperative that . . . Great Britain should continue, as hitherto, to perform her special duties and to retain complete ascendancy in the Persian Gulf.'<sup>17</sup> It reiterated this belief in a 1926 general review of British foreign policy commitments.<sup>18</sup>

Moreover, the presence of foreign nationals could pose other problems, since the Trucial Coast was regarded as too dangerous for even Government of India officials to venture beyond the shore, and economic activity in the Gulf rested almost entirely in the hands of British Indian subjects.<sup>19</sup> Although Sharjah and Dubai were staging posts on the Imperial Air Route, the landing stages and rest houses were carefully sited, and no less carefully guarded.<sup>20</sup> Apart from officials from the Political Residency, officers from the Persian Gulf Squadron and occasional explorers, few foreigners visited the Persian Gulf. One exception to this however was the small band of American medical missionaries, who set up missions in a number of Gulf States, including Kuwait.<sup>21</sup> This was a state of affairs which the India Office saw little reason to change, and this opinion accorded with the views of the Colonial Office, which was responsible for the administration of the Persian Gulf protectorates after 1921, and adopted towards them the same exclusive, restrictionist policies, which marked oil policy in, for example, Trinidad.<sup>22</sup>

However, in the late 1920s the attention of multinational oil companies, and particularly those of American interests, shifted to the Persian Gulf, and immediately threatened the traditional Indian Government policy of maintaining supremacy in the region. The advent of American oil companies represented the worst possible scenario; these were the most powerful and feared multinational companies, with a long history of political influence. Moreover, as the rulers of the shaikhdoms held the subsoil mineral rights, the companies would perforce have to deal with the rulers directly. Only by the substitution of British for American capital could the worst effects of a Persian Gulf oil industry be averted. However, it appeared that this task, of repelling American involvement, could be achieved without undue difficulty, as in all the main Persian Gulf shaikhdoms, the rulers had made commitments not to grant oil concessions to anyone without the agreement of the British Government. As a Colonial Office official commented with regard to Bahrain, in words which would equally apply to the other Persian Gulf shaikhdoms, 'I do not see that the "open door" principle can be held to apply to Bahrein [sic]. Providentially there is no mandate for Bahrein, and we are no more committed to that inconvenient principle in Bahrein than in (say) Persia or for that matter Trinidad.'<sup>23</sup>

It was in Bahrain that exclusive British control first came under threat. Bahrain, like Kuwait, was effectively a British protectorate, in which the British Government's consent was required before an oil concession could be granted.<sup>24</sup> On 2 December 1925 a concession for Bahrain was granted to the Eastern and General

Syndicate, a British company whose local representative was Frank Holmes.<sup>25</sup> However, in November 1927 the Syndicate agreed to transfer its rights in Bahrain to the Eastern Gulf Oil Company, an American company.<sup>26</sup> Horrified at the prospect that an American oil company might obtain a stake in the Persian Gulf, both the Colonial Office and the Government of India sought to put obstacles in the way of, and indeed if possible prevent, the transfer of the concession.<sup>27</sup> However, in seeking to achieve their objective, of retaining the Persian Gulf as a British lake, the two departments soon ran into problems with the Foreign Office. This did not mean that members of the Foreign Office had any intrinsic sympathy for the American position on the matters at dispute between the two countries. Indeed, one member of the Foreign Office's American Department commented that ' . . . for our own self-preservation, we must pit our brains and political sense against the bullying brawn of America - and step with extreme care.'<sup>28</sup>

However, this was a period of considerable strain in Anglo-American relations, focusing in particular on the issues of naval power and belligerent rights at sea.<sup>29</sup> Mindful of the 'oil war' in the early 1920s,<sup>30</sup> the Foreign Office was keen to avoid additional sources of tension on the matter of petroleum. By late 1928 it was deeply concerned at the escalation of bad relationships between the two countries, and in a powerfully argued memorandum prepared by R.L. Craigie, head of the American Department, urged upon the Cabinet the need for a policy of conciliation towards the United States.<sup>31</sup> It was at this juncture that the case of Bahrain, the first major potential oil controversy with the United States since the dispute over Mesopotamia, came to the attention of the Foreign Office. After a period of unproductive interdepartmental correspondence, the various departments met on 7 May 1929, when the Foreign Office insisted that unreasonable obstacles should not be put in the way of the American company involved, which was now the Standard Oil Company of California.<sup>32</sup> In due course, Socal formed a Canadian subsidiary, the Bahrain Petroleum Company, to exploit the concession.

Yet capitulation in the case of Bahrain did not necessarily mean that American companies would be permitted to extend into other regions of the Persian Gulf. For a number of reasons the main attempt to curtail American involvement in the Persian Gulf centred upon Kuwait. In the case of Bahrain, the British Government had been on dubious legal ground, for the concession had already been granted, there were no provisos preventing its transfer to a non-British company, and in effect the Colonial Office had been seeking

to impose retrospective conditions on an already-negotiated concession. Whilst the negotiations on the Saudi Arabian concession were outside the direct influence of the British Government,<sup>33</sup> and the latter's hand had effectively been forced in the case of Bahrain, the nature of its relationship with the Kuwaiti ruler and the considerable influence of the Political Agent in Kuwait meant that the British were far better placed to challenge the ambitions of American oil companies. Commencing in 1928, the saga of American attempts to gain a concession in Kuwait dragged on, with initial opposition being succeeded by a commitment by the British Cabinet in April 1932 not to obstruct American efforts to gain a concession, until ultimately a concession was granted to a joint Anglo-American consortium in December 1934.<sup>34</sup> The saga of these negotiations is complex, frequently technical, and often tedious. I want therefore to concentrate, not upon the attempts of the Shaikh to play one side against the other, and the frequent interjections of both companies involved, but rather the accompanying discussions within the British Government as to what policy should be adopted towards American attempts to secure the Kuwaiti oil concession.

Unlike many of the other small states along the Persian Gulf, including the various emirates within the Trucial States, Kuwait had clear boundaries and a comparatively stable government.<sup>35</sup> However, negotiations for the concession were complicated by a number of factors. First, as described above, the British Government had secured the agreement of the Shaikh of Kuwait not to conclude an oil concession without British consent. Second, there was a long-standing economic dispute between the King of Saudi Arabia and Kuwait; moreover, the former's territorial ambitions impinged upon Kuwait, and in that respect, the Shaikh needed the protection of the British agreement to defend the shaikhdom against foreign threat.<sup>36</sup> Thus whilst, on the one hand, Shaikh Ahmad al-Jabir had little reason to be grateful to the British, he was nonetheless bound to secure their agreement before a concession could be granted, nor could he afford to break that agreement lest the British withdraw their protection. Although it was not unknown for Middle Eastern rulers to see the United States as a possible counter to British influence,<sup>37</sup> there was no gainsaying the fact that the British had a series of agreements binding the Shaikh, a Political Agent in situ whose task it was to 'advise' (for which read, instruct) the Shaikh as to the appropriate action to take on all matters relating to foreign policy and relations with other powers, and, most potent of all, a permanent squadron in the Persian Gulf and a proven history of using its ships in pursuit of its policy in the region. The United States

had none of this; its sole representation in the Arabian Peninsula consisted of medical missionaries.

There were a number of companies with a possible interest in the Kuwait concession. The Shaikhdom had been excluded from the so-called 'Red Line Agreement', under which the participants in the Iraq Petroleum Company had bound themselves not to exploit oil within a designated area covering much of the Middle East, except through that international consortium. Thus, companies such as Anglo-Persian and the Gulf Oil Company were free to pursue the concession in their own right. Certainly departments within the British Government were keen to press Anglo-Persian to pursue this option. The company had, after all, expressed some interest in the region in previous years, albeit without a concrete outcome.<sup>38</sup> There was also a possibility that the American company which had won the Saudi concession, Socal, might consider negotiating for Kuwait, although that would cause complications in respect to the political conflict between the King and the Shaikh. It certainly expressed an interest in the Kuwait Neutral Zone, in which any concession would need to be awarded jointly by the Shaikh and the King of Saudi Arabia, and had apparently been given first refusal on such a concession by the Saudi monarch.<sup>39</sup> Moreover, as it already held the concession for Bahrain, it might legitimately argue that the safeguards agreed with the British Government in the case of Bahrain should be sufficient to meet any British concerns in respect of Kuwait. The British syndicate which had secured the Bahrain concession on Socal's behalf, the Eastern and General Syndicate, represented by Frank Holmes, had already expressed an interest in Kuwait.

However, as a result of the Bahrain controversy, the Colonial and India Offices were forewarned when Frank Holmes began his negotiations with the Shaikh of Kuwait. There was nothing to prevent the British from using their rights to insist that the concession should either go to a British company, or that the final agreement should incorporate considerable safeguards for British interests. It was the clear intention of the Colonial Office to retain the Kuwait concession for a British company, a view strongly supported by the India Office and the Government of India. When the possibility of an American concession for Kuwait was first mooted, in 1928, their response had been adamant; it should be resisted at all costs. The Political Resident, the chief representative of the Government of India in the Persian Gulf, argued that

If we can surrender our general position in the Persian Gulf Koweit [sic] can go with it. If we cannot - and with

our necessities for air and oil I cannot imagine that our answer to the question will be that we sacrifice a position which has become a historical necessity - then Koweit is a very essential factor.<sup>40</sup>

In other words, from the imperial point of view, particularly as seen from the perspective of India, the retention of British control over the Persian Gulf had become more rather than less important with the discovery of oil in Iraq and the creation of the Imperial Air Route. Both the Government of India and the India Office endorsed this viewpoint. Nor did the Foreign Office expect the local authorities to go out of their way to exclude potential British interests; indeed, in 1929 (in which year the Foreign Office intervened forcefully in the case of Bahrain) an interdepartmental conference agreed that the best possible answer would be to interest the Anglo-Persian as a rival to Frank Holmes' Eastern and General Syndicate.<sup>41</sup>

Opposition to the introduction of American capital into Kuwait continued well into 1930. Still imbued with the assumptions of the Curzon era, Government of India officials held tight to the tenets of the Lansdowne declaration; American exploitation of any Kuwaiti oil resources should be resisted. Complications soon developed, however. The main stumbling block was Anglo-Persian, which expressed a lack of interest through its chairman, Sir John Cadman.<sup>42</sup> Faced with the collapse of their first strategy, the Colonial Office tried other tactics of exclusion, but all were ultimately undermined. Even so, the Foreign Office believed that there was 'no reason why we should intervene to facilitate the eventual transfer of this concession to American interests'<sup>43</sup> whilst the India Office remained committed to their belief that British control of the Persian Gulf hinged upon the maintenance of their hold on Kuwait.<sup>44</sup> However, in November 1931, the State Department became involved, at the request of the interested American company, Eastern Gulf.

Ironically the State Department, despite having intervened at the company's request, nonetheless considered that 'it would be asking a great deal of the British Government to expect them to refrain from supporting the Government-controlled Anglo-Persian Oil Company in establishing itself in British-controlled territory like the Shaikhdom of Kuwait.'<sup>45</sup> Indeed, another State Department official even suggested caution in exercising too much diplomatic pressure for 'the British might consider it discourteous . . . and we might lose any good will which the Foreign Office may have towards us in this matter.'<sup>46</sup> A study of the State Department files on this matter suggest that officials in the main were responding to oil company pressure, and certainly did not envisage an outbreak of a further 'oil war', such as had preoccupied both governments in the

early 1920s. Nonetheless, informal representations were made over the winter, and finally, in an effort to settle the issue before Andrew Mellon (owner of the Gulf Oil Company), took up his appointment as United States Ambassador to the Court of St. James, the State Department raised the matter formally with the Foreign Office.<sup>47</sup> American representations were sufficient to provoke a discussion of British policy towards the Kuwait concession in a number of Whitehall departments.

In particular, official expressions of State Department concern were sufficient to galvanise the Foreign Office into action. Although by this time earlier concerns about deteriorating Anglo-American relations had apparently been addressed by the efforts of Prime Minister Ramsay MacDonald, and in particular the conclusion of the London Naval Conference, Foreign Office officials believed strongly that the British Government should make a determined effort to continue friendly relations with the United States.<sup>48</sup> Economic conditions world-wide were deteriorating, and indeed in a memorandum written for Cabinet only a few days after the Foreign Office paper, the Chancellor of the Exchequer, Neville Chamberlain, identified possible problems ahead on the vexed war debts issue. The matter had caused considerable Anglo-American tension in the years immediately after the First World War, and had been a contributory factor in persuading the British Government that compromise on Middle Eastern oil was a worthwhile sacrifice to gain American friendship. Now, with the cessation of reparation payments by Germany, and the probability of an end to payments of debts owed to Britain by her Allies, the possibility had to be faced that Great Britain might have to suspend her own payments to the United States.<sup>49</sup> The ensuing discussions on the Kuwait concession took place against a backdrop of worsening international relations, the outbreak of tension in the Far East, and the continuing slide into depression of the United States and Europe. The British Government continued to work for co-operation from the United States Government on such key issues as the Sino-Japanese controversy, war debts, tariffs and the international exchange regime. In the context of such weighty matters, the granting of an oil concession in Kuwait appeared relatively minor, not least because, as Sir Lancelot Oliphant pointed out, 'nobody had any idea at present whether there was any oil at all in Koweit [sic], much less a big and important field.'

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However, it was a different matter persuading the other Whitehall departments involved that higher issues dictated a more conciliatory policy on the matter of Kuwait. The Admiralty was keen

to secure rights over as much oil as possible in areas of potential naval operations in time of war, and it believed that the best means of ensuring this was through British company control of strategically-located oil-fields.<sup>51</sup> The Colonial Office officials were determined to minimise the penetration of foreign, and particularly American, capital into territories under their control. The Government of India and the India Office viewed matters from the perspective of the economic and strategic priorities of the Indian sub-continent.<sup>52</sup> Indeed, the Government of India had hitherto been one of the most ardent critics of any possible American involvement in the Kuwait oil concession, and during the winter of 1931-2 they seemed to be continuing this stance. R.L. Craigie of the Foreign Office commented with evident exasperation that 'the Colonial Office and India Office, if given their head, may cheerfully land us in a new "war".'<sup>53</sup> However, the Foreign Office was adamant that 'it must be definitely understood that we cannot embark on a dog-fight with the USA about oil.'<sup>54</sup> The India Office was firmly informed that 'at present it is essential so far as possible not to be obstructive to American interests.'<sup>55</sup> Meanwhile, the India Office and the Government of India continued with an earlier policy of delay and obstruction, clearly hoping to create a breathing space in which Anglo-Persian might apply for a concession.

However in February 1932, following further urgent representations from the Foreign Office, the India Office conceded in a telegram to the Government of India that it might be necessary to accept in principle the possibility of the admittance of American capital, given the Foreign Office position.<sup>56</sup> In an even more surprising volte-face, in the same month, the Government of India appeared almost enthusiastic for the plan, arguing indeed that the further admittance of American capital into the Persian Gulf might well be to Great Britain's benefit. An American company was already in Bahrain, so the principle of total exclusivity was already breached; American capital would make for stability and peace, whilst a conciliatory attitude by the British Government might well secure American co-operation with Britain in a strategically significant part of the world.<sup>57</sup> Thus, as it became increasingly likely that American companies would gain an even greater representation along the Persian Gulf, India Office thinking began, steadily if reluctantly, to change.

There was, undoubtedly, an element of forced conversion about their shift in sentiments, but it also represented a pragmatic bowing to necessity. By the mid-1930s, the Persian Gulf no longer appeared so untroubled a British lake. Its economy, heavily

dependent upon a luxury export, pearls, had been badly hit by the world depression; the British economy was in no state to provide large injections of British capital. The growth of Saudi Arabia presented a strong regional threat to the stability of the region; in Iran, Reza Shah was showing signs of the strong anti-British nationalism, which would result the following year in the cancellation of the Anglo-Persian concession. There were also indications that the Shaikh of Kuwait was himself less favourably inclined to the British, as they seemed unable to solve two international disputes in which he was involved: controversy over the taxation of date gardens in Iraq owned by the Shaikh; and Ibn Saud's blockade of Kuwait that was having serious effects on the already weak economy of the Shaikhdom.<sup>58</sup> The Government of India argued that the further increase of American interests in the Gulf, following on from the Bahrain concession, might well be to Great Britain's benefit, as the admittance of American capital would make for stability and peace. Thus, some officials began to elucidate concepts of a wider, Anglo-American regional order, with the United States pulled into the maintenance of regional security through the existence of economic links.

It still remained to convince other Whitehall departments however. The Colonial Office, although reluctantly forced to accept that American capital might have to be admitted, wished to build in safeguards to ensure ultimate British control of the concession.<sup>59</sup> The Admiralty, too, were far from convinced; not only did they still hanker after a secure, British-controlled source of oil in the Persian Gulf, close to the Indian Ocean, but they were aware that the task of maintaining law and order, and protecting foreigners in the Gulf, largely fell upon their ships and particularly the Senior Naval Officer. In an interdepartmental meeting in March 1932, threats to the stability of the region were also considered by other departments. The Admiralty argued that a British-controlled source of oil in the Persian Gulf would be vital if the Soviet Union occupied Persia. The Foreign Office representative, Sir Lancelot Oliphant, retorted however 'that supposing the Russians occupied the Persian oil-fields, His Majesty's Government might well be in a better position if they were associated with the United States Government.'<sup>60</sup> However, this did not mean that the Foreign Office shared the India Office's perspective on the matter. Foreign Office officials saw little reason to believe that the Americans would accept a shared role in the preservation of stability and peace in the region; their interests lay rather in economic activities, they wanted the opportunities without the responsibilities.<sup>61</sup> As late as March 1933, the Foreign Office,

expressing the hope that the concession for the Hasa region of Saudi Arabia should go to British interests, commented that 'if the Americans succeed in getting a firm footing there the whole political situation in the Gulf may be drastically affected,'<sup>62</sup> and even pointed out that 'we have no commitments to the Americans and, Saudi Arabia being an independent foreign country, we are free to back our own interests.'<sup>63</sup> What changed the Foreign Office attitude, and persuaded it to insist that the Colonial Office should accept American participation, was a straightforward acknowledgement of just how greatly Great Britain required the friendship of the United States, even to the point of surrendering the exclusively British domain within the Persian Gulf.

Moreover, the Foreign Office was prepared to use any pressure necessary to secure its desired policy of accommodation with the Americans. With the Admiralty maintaining its intransigent position, the Foreign Office decided to refer the matter to Cabinet, one of only a few occasions when the question of Arabian oil went beyond the level of senior permanent officials. It did so essentially on the general grounds of Anglo-American relations, but also on the more high-minded principle (only just acknowledged) that the British Government was under an obligation to consider not only their own desiderata, but also the Shaikh of Kuwait's own interests. In the Foreign Office memorandum, which had the concurrence of the Colonial Office, India Office and Petroleum Department, it was strongly argued that the British Government should accept the United States Government's position and remove its objections to American capital. 'The Foreign Office has taken the view that a dog-in-the-manger attitude would be indefensible both *vis-à-vis* of the Americans and from the standpoint of the obligation of His Majesty's Government to consult the Shaikh's best interests.'<sup>64</sup> In the light of the current international situation the Cabinet concurred with the Foreign Office position. As a consequence, on 9 April 1932, the Foreign Secretary, Sir John Simon, assured the United States that the British Government would not insist upon the concession going to British interests, if the Shaikh of Kuwait were willing to grant it elsewhere.<sup>65</sup> With the Indian authorities behind them, the Foreign Office was able to override the stubborn insistence of the Admiralty, even after this Cabinet decision, on the predominance of strategic considerations.<sup>66</sup>

There were thus very clear distinctions between the stances adopted by the various Whitehall departments to the threatened American incursion into the Arabian Peninsula. In particular, the Foreign Office and the Government of India approached the issue

from different perspectives. However, I would argue that both demonstrated that, within a region of central importance to the British, and in connection with a commodity whose strategic importance outweighed all others, the key government departments, albeit for different reasons, were tacitly acknowledging the political, as well as the economic power of the United States. For the Foreign Office, a policy of conciliation was driven by international considerations in a particularly precarious period. For the Government of India there were sound local reasons why they should adopt this viewpoint.

The Colonial Office and the Petroleum Department had not, however, surrendered all hope of a British concession in Kuwait, and this hope was given added impetus when the Anglo-Persian came to the conclusion that perhaps the possibilities in Kuwait were worth pursuing. Although in April 1932 Sir John Cadman apparently informed the Foreign Office unofficially that his company was not interested in Kuwait,<sup>67</sup> a month later the company indicated that it was prepared to open formal negotiations.<sup>68</sup> The company was therefore given the opportunity to enter into negotiations in competition with American interests, the local authorities going out of their way to guarantee this. The tortuous negotiations which followed are too complex to discuss here, complicated as they were by American diplomatic intervention, interdepartmental wrangling, and what could be construed as sharp practice by the Petroleum Department, ostensibly acting in the guise of expert adviser to the Shaikh.<sup>69</sup> The American Government, and in particular its Ambassador in London, Andrew Mellon (who happened to own the American oil company involved) were quick to detect any sign of bad faith on the part of the British Government, and it soon became clear that there would be considerable protest were the concession awarded to Anglo-Persian unless its terms were markedly better.<sup>70</sup>

Within Whitehall, however, the assumption of all departments other than the Foreign Office was that, all things being equal, Anglo-Persian should receive preferential treatment. The Foreign Office, with one eye on the worsening state of affairs in the Far East and the financial controversies surrounding the war debts and wider international economic matters, continued to urge that the principle must be one of 'a fair field and no favour'.<sup>71</sup> As the British Government sought to keep in close contact with the United States on the Sino-Japanese controversy, Foreign Office officials were clear that 'from the point of view of general policy the present would be a most inopportune moment at which to provoke another oil controversy with the United States of America,'<sup>72</sup> whilst also

declaring a determination to 'keep a close watch on the C.O. [sic] and the I.O. [sic]. . . ' in order to avoid 'another oil controversy with the U.S. at this most inopportune moment.'<sup>73</sup> However, the determination of other departments to prolong the issue, to allow time for Anglo-Persian to outbid the American interest, was difficult to avoid, particularly as the Government of India had to be consulted, and it in turn sought the views of the Political Resident in the Persian Gulf.

In the face of further delay, the United States Government again intervened in November 1932, with Andrew Mellon making representations on behalf of his company.<sup>74</sup> The time was particularly sensitive for Anglo-American relations: not only were the British seeking a downward revision in the war debts payment due in December 1932,<sup>75</sup> but both countries were also engaged in the preparatory work for the World Economic Conference, which eventually took place in July 1932. British representatives to the talks were at great pains 'to cultivate good relations with the American representatives'.<sup>76</sup> Faced with further American pressure - and not least because it was left to him to explain to the Ambassador the reasons for the delay - Sir R Vansittart the Permanent Under-Secretary, and a strong advocate of close Anglo-American co-operation, decided to 'pull rank' on the other departments. Aware of the complexities of not only the whole war debts issue, but also the questions of exchange convertibility, tariffs, and, not least, the Far Eastern situation, he made absolutely plain that 'for reasons of considerably higher policy I do not wish to have acrimonious disputes with the U.S.A. at this moment.'<sup>77</sup>

Even at this late stage, however, the Admiralty continued to insist that, in the commercial rivalry between the Eastern and General Syndicate, representing the Gulf oil interests, and the Anglo-Persian, the British should bring pressure to bear upon the Shaikh of Kuwait to favour the British company.<sup>78</sup> The Foreign Office rejected this position out of hand, as not only 'illogical, dishonest and unwise. . . ' but also impracticable as 'there could be no hope of concealing from . . . the Americans - the influence that had been brought to bear on the Shaikh.'<sup>79</sup> When the Admiralty refused to give way, the matter was referred to the Middle Eastern Official Subcommittee of the Committee of Imperial Defence, which accepted the Foreign Office view that

In view of the present state of Anglo-American relations, and of the numerous problems of world importance for the solution of which Anglo-American co-operation was essential, the Foreign Office could not agree to any action

likely to provoke an accusation of bad faith or sharp practice.<sup>80</sup>

In the event, the controversy did not reach its potential height; by the spring of 1933 both governments seemed convinced that the ultimate solution would be a 50/50 agreement between the two companies, an outcome also favoured by Anglo-Persian.<sup>81</sup> The change of government in the United States in March 1933, and the Roosevelt Administration's subsequent international economic policy, had a marked effect on the British desire to sustain Anglo-American friendship.<sup>82</sup> Moreover, the State Department showed a disinclination to intervene on behalf of a company controlled by a member of the outgoing administration.<sup>83</sup> An additional complication at this time was that Ibn Saud, having granted an oil concession for the Hasa coast of Saudi Arabia to Socal, was thought to be pressurising the Shaikh of Kuwait to give the concession for both the Neutral Zone and Kuwait proper to the same American interests.<sup>84</sup> Despite the potential threat that such a move would pose to the stability of the region, little was now heard of the desirability of involving the Americans; the torpedoing of the World Economic Conference in July 1933, coupled with the suspicion that American oil interests were being used to assist the expansionist ambitions of Ibn Saud, had effectively put paid to any such ideas.

In the changing atmosphere of late 1933, the same men who had vigorously protected American interests within the Foreign Office now regretted having their hands tied, with Craigie commenting that 'the field has been so readily accessible to these rather unscrupulous American interests that our own people look like being pushed into a corner'. Even Vansittart was prepared to 'take on the U.S. Embassy . . . if need be.'<sup>85</sup> From being anxious at all costs to avoid possible American repercussions, the Foreign Office was now chafing at 'the unfortunate position in which we are in Koweit [sic], where we are unable, owing to our pledges to the United States Government, to exert ourselves to defend our own best interests.'<sup>86</sup> Nonetheless, despite the apparent change of heart, the British Government could not now take any decisive action to exclude American interests: it is unlikely that the Shaikh of Kuwait would have tolerated such a move. Indeed, H.C. Dickson, the Political Agent in Kuwait and Archibald Chisholm, Anglo-Persian's man on the spot, increasingly were of the opinion that the Shaikh believed that it would be to his advantage, politically, if the Americans gained influence in Kuwait.<sup>87</sup> Thus, the Kuwaitis now apparently sought American political involvement, as a counterweight to British influence. The American missionaries in

Kuwait and, acting on their assumptions, the American consul in Baghdad, shared the same opinion.<sup>88</sup> Be that as it may, the eventual solution of an Anglo-American consortium was put in place in 1934, with an agreement between the newly-formed Kuwait Oil Company and the British Government in March, and the concession agreement then concluded in December.<sup>89</sup> This outcome, a joint venture between the British company, Anglo-Persian, and the Gulf Oil Company was, in many respects, the least politically damaging outcome. Gulf was not party to the Saudi Arabian concession, the Americans were generally satisfied that their commercial interests had been protected, and yet the inclusion of the British oil company, Anglo-Persian, with its special position vis-à-vis the British Government, also addressed the concerns voiced by a number of departments, including the Admiralty and the Colonial Office.

Thus, not only elements within the British Government, but apparently also the Shaikh of Kuwait, actively welcomed the possibility of American political, as well as economic, involvement in the region. However, whatever the Government of India may have produced by way of post-hoc justification for the admittance of American interests into the Gulf, in terms of stability, progress, and international co-operation, this was not to transpire in the short term. Nor is there any real sign that the rest of the British Government ever intended such an outcome. The economic involvement of the United States in the Persian Gulf would inevitably have considerable consequences, but despite occasional comments by British officials hankering after an Anglo-American jointly-imposed order, it was never seriously courted. This is clearly reflected in the desire to avoid an all-American concern taking over the concession, the terms of the concession itself with the emphasis upon a facade of British control including the British registration of the Kuwait Oil Company (KOC),<sup>90</sup> and the continuation of a system of Political Agents and Orders in Council designed to tie Kuwait closely into the British orbit. The first chief local representative of the KOC in Kuwait was Colonel Dickson, who had been the Political Agent in the shaikhdom throughout the negotiations.<sup>91</sup> In short, the British Government had done the best it could to limit the effects of the concession to American interests forced upon it as a result of the parlous state of Anglo-American relations at a key point in the negotiations.

Moreover, Great Britain still continued to provide advice to the Shaikh, and indeed as the importance of Kuwait to the British economy increased, and as the economy of Kuwait itself began to grow, even more British advisers were provided. Although during the Second World War many in the United States Government hoped

that the Kuwait concession might become all-American, this did not materialise.<sup>92</sup> Even after the Second World War, American global strength was not as yet sufficient to allow the assumption by the United States of military responsibility in the Gulf. In post-war discussions on global security, the American Joint Chiefs of Staff firmly argued that they lacked the resources to defend the Middle East, even the key oil-fields. The assumption that responsibility for maintaining the political stability of the region, and its military defence if need be, rested squarely with the British, was formally incorporated into American defence planning.<sup>93</sup> In a period of diminishing imperial responsibilities, Great Britain continued to defend wider Western interests in the Gulf. Until 1961 it controlled the foreign affairs and defence of Kuwait. Moreover, until 1960 all Western foreigners fell under the jurisdiction of the British Political Agent, not the Shaikh. The United States did not even establish a consulate in Kuwait until 1951. For Britain, this continuing responsibility for the defence of the critical Persian Gulf oil-fields had many advantages: not least, it enabled the British Government to argue that it was making a major contribution to the defence of the West's strategic interests, whilst at the same time defending a resource vital to Britain's security and economic prosperity.

Until 1971 the British retained ultimate responsibility for the Persian Gulf. Only after withdrawal East of Suez finally took place in that year did the United States become directly involved in the Gulf, an involvement that was to lead to the Carter Doctrine of 1980. British withdrawal left Kuwait in a very vulnerable position as, despite its links with an American oil company, it had not developed any close political relationship with the United States Government. Even after the British pull-out East of Suez, it was assumed that it would be the United States' preferred regional policeman, the Shah of Iran, who would protect the Gulf region, rather than the United States itself. It was, of course, the Iranian Revolution of 1978-9 which changed that assumption. Within a short space of time, Jimmy Carter had issued the Carter Doctrine and set up the Rapid Deployment Force; during the Iran-Iraq war of 1980-1988, the US Government agreed in 1986 to reflag Kuwait's vulnerable tankers.<sup>94</sup> By this point, then, the United States was providing the kind of support and defence which Britain had traditionally provided, exemplified by the leading role played by United States troops in the international coalition which responded to Iraq's invasion and occupation of Kuwait in 1990.

American participation in the Persian Gulf concessions was won, not by virtue of principle - Britain's acceptance of the 'open

door' principle - but rather through United States' economic might and particularly as a consequence of naval and war debt issues. This was even more the case after the onset of the Depression and tension in the Far East, although by late 1933 British sentiment was far less susceptible to American pressure. Economically, then, the United States was far from isolationist, and showed no compunction in using her economic power to protect and advance American commercial interests. However, neither should we assume that the transfer of world power to the United States was complete. It was impossible for Great Britain to regain the power which she had enjoyed at the height of the Pax Britannica, in the years before the First World War. The United States had in effect won the battle for supremacy: she was well placed to succeed John Bull. Yet that process was a gradual one, and more easily achieved economically than politically. Great Britain was still able to retain the political influence which she had so carefully constructed in the past. It was to take a further 40 years after the granting of the Kuwait concession for Britain to pull out of the defence of the Persian Gulf, leaving a void which the United States was forced to fill. In that respect, the history of the Kuwait concession would appear to support an argument that the inter-war period saw only a struggle for supremacy, but not one in which the United States could claim victory. In the Persian Gulf, the British political control continued.

This is, however, to assume that the United States had ambitions to replace Great Britain's political and military responsibilities. In general, and particularly in the far-off region of the Persian Gulf, there are no indications that the American Government wished or intended to take on the burden of defence. For the United States, indeed, the continuation of Britain's military and political responsibilities had considerable advantages. The hopes of the Government of India that the United States would become to some extent an ally in the maintenance of order in the Persian Gulf can be seen as evidence of a growing awareness on the part of the British that with the loss of economic dominance, political dominance would be extremely difficult to retain. Elsewhere in the Arabian Peninsula, notably in Saudi Arabia, the United States did accept a greater political responsibility, but this did not include the defence obligations assumed by Great Britain in the Persian Gulf. Moreover, the files of the United States Government relating to Saudi Arabia show how time consuming, frustrating and potentially expensive its participation proved to be.<sup>95</sup> For nearly fifty years after the granting of the Kuwait oil concession to a company half-owned by American interests, the United States in effect had access to half of one of the

world's largest oil-fields, whilst relinquishing responsibility for its political stability and military defence to an economically weaker partner.<sup>96</sup> As one Foreign Office official ruefully commented, 'the U.S.Govt [sic] are always particularly faithful, in the Middle East, to the U.S. national motto: "Opportunity without responsibility".'<sup>97</sup> That the American Government had been able to secure economic participation in the oil wealth of the Persian Gulf through its diplomatic endeavours, whilst escaping the subsequent costs of political and military protection, should be seen as evidence, not of the United States' weakness in international affairs during the inter-war period, but rather its strength.

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- <sup>1</sup> Address by Lord Lansdowne to the House of Lords, 5 May 1903, *Parliamentary Debates* col. 1348; and State of the Union Address delivered before a joint session of the 96<sup>th</sup> Congress, 23 January 1980, *Public Papers of the Presidents of the United States: Jimmy Carter 1980-1981* (3 vols.), Vol. 1, January 1 to May 25, 1980 (Washington D.C, 1981), p. 197, both quoted in Sir Harold Beeley, 'The Middle East', in Wm. Roger Louis and Hedley Bull (eds.), *The Special Relationship: Anglo-American Relations since 1945* (Oxford, 1989), p. 285.
- <sup>2</sup> The process by which American companies, assisted by diplomatic pressure from the United States Government, were able to overcome British objections to their acquisition of Middle Eastern concessions is discussed in more detail in Fiona Venn, 'A Futile Paper Chase: Anglo-American Relations and Middle East Oil, 1918-1934', *Diplomacy and Statecraft*, 1 (1990), pp. 165-184.
- <sup>3</sup> See various consulate records on State Department files, Record Group 165, National Archives, Washington D.C.
- <sup>4</sup> See file 890F.01, State Department, Record Group 59, National Archives (hereafter R.G.59) and in particular Memorandum by W. Murray on the question of the recognition of Nejd, 14 January 1931, 890F.01/24; and H Stimson, Diary entry for 9 February 1931, Stimson Diaries, Vol. 15, p. 81, Stimson Papers, Yale University.
- <sup>5</sup> Memorandum by W Murray, 18 April 1933, 711.90A2/23, R.G. 59
- <sup>6</sup> India Office to Foreign Office, 15 April 1929, E1904/281/91, Foreign Office Records, Public Record Office, London (hereafter F.O.) 371/13730; and paraphrase of a telegram from the Viceroy of India to the Secretary of State for India, 12 May 1929, enclosed in Colonial Office Records, Public Record Office, London (hereafter C.O.) 732/39/69035/45.
- <sup>7</sup> Fred Halliday, 'A Curious and Close Liaison: Saudi Arabia's Relations with the United States', in Tim Niblock (ed.), *State, Society and Economy in Saudi Arabia* (London, 1982), pp. 125-147.
- <sup>8</sup> See Ritchie Owendale, *Britain, the United States, and the Transfer of Power in the Middle East 1945-1962* (London, 1996).
- <sup>9</sup> For the growth of US political and military involvement in the Persian Gulf, see James H. Noyes, *The Clouded Lens: Persian Gulf Security and United States Policy* (Stanford, 1979); and J.E. Peterson, *Defending Arabia* (London, 1986), pp. 115-184. There is a considerable literature on the 1990-1 invasion and occupation of Kuwait, and Operation Desert Storm. See, for example, Dilip Hiro, *Desert Shield to Desert Storm: the Second Gulf War* (London, 1992); Lawrence Freedman and Efraim Karsh, *The Gulf Conflict 1990-1991: Diplomacy and War in the New World Order* (London, 1994); and Department of Defence, *Conduct of the Persian Gulf War: Final Report to Congress* (Washington D.C., 1992).
- <sup>10</sup> B.J.C. McKercher (ed.), *Anglo-American Relations in the 1920s: The Struggle for Supremacy* (London, 1991); and B.J.C. McKercher, *Transition of Power: Britain's Loss of Global Pre-eminence to the United States 1930-1945* (Cambridge, 1999).
- <sup>11</sup> Venn, 'A Futile Paper Chase'.
- <sup>12</sup> For general British policy towards the Persian Gulf, see Briton Cooper Busch, *Britain and the Persian Gulf, 1894-1914* (Berkeley, 1967). Rosemarie Said Zahlan, *The Making of the Modern Gulf States* (London, 1989), pp. 7-9, discusses the Trucial system.
- <sup>13</sup> J.E. Peterson, *Defending Arabia* (London, 1986), pp. 13-15.
- <sup>14</sup> Agreement of 23 January 1899 between Lieut. Colonel M.J. Meade, Political Resident in the Persian Gulf and Shaikh Mubarak al-Sabah, Ruler of Kuwait, in

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- Ahmad Mustafa Abu-Hakima, *The Modern History of Kuwait 1750-1965* (London, 1983), pp.184-5.
- <sup>15</sup> For a description of the administrative structure operated by the Government of India in the Persian Gulf, see J.B. Kelly, 'The Legal and Historical Basis of the British Position in the Persian Gulf', *St. Antony's Papers* No. 4 (London, 1959), pp. 119-40.
- <sup>16</sup> Exchange of correspondence between Lieut-Colonel Sir Percy Cox, Political Resident in the Persian Gulf and Shaikh Sir Mubarak al-Sabah, Ruler of Kuwait, 27 October 1913, in Mustafa Abu-Hakima, *The Modern History of Kuwait 1750-1965*, p. 197. For the status of Kuwait in respect of the Ottoman Empire, see Simon C. Smith, *Kuwait, 1950-1965: Britain, the al-Sabah, and Oil* (Oxford, 1999), pp. 4-5.
- <sup>17</sup> Foreign Office, *Peace Handbooks: No. 81 Persian Gulf* (London, 1919) p. 78
- <sup>18</sup> Memorandum on the Foreign Policy of His Majesty's Government, with a list of British commitments in relative order of importance, 10 April 1926, in E.L. Woodward, R.D.O. Butler and others (eds.), *Documents on British Foreign Policy 1919-1939* (London, 1947-84), Series 1A, Vol 1, p. 861.
- <sup>19</sup> Said Zahlan, *Making of the Modern Gulf States*, pp. 13-14.
- <sup>20</sup> Peterson, *Defending Arabia*, pp. 18-28. The impact of the Imperial Air Route on the Gulf, and in particular on the Trucial States is discussed in Fatma Al-Sayegh, 'Imperial air communications and British policy changes in the Trucial States, 1929-1952', unpublished University of Essex Ph.D thesis, 1990.
- <sup>21</sup> Violet Dickson, *Forty Years in Kuwait* (London, 1978), pp. 89 & 101-2. The American missionaries sometimes relayed information to U.S. consular officials elsewhere. See endnote 88 below.
- <sup>22</sup> Geoffrey Jones, *The State and the Emergence of the British Oil Industry* (London, 1981), pp. 85-127.
- <sup>23</sup> J.H. Hall, Colonial Office, to Lord Monteaagle, Foreign Office, 31 July 1928, C.O. 732/34/59115/7. The League of Nations oversaw the mandate system, by which ex-Ottoman (and German) territories would be guided towards self-government by states such as Great Britain (which held the mandates for Iraq and Palestine) and France (which had assumed responsibility for Syria and the Lebanon). The United States had used the creation of mandates as an opportunity to insist upon the 'open door' (i.e. the principle of equal economic opportunity for the nationals of all countries and particularly the United States). For use of the mandate principle in the case of oil, see Venn, 'A Futile Paper Chase'. For use of the 'open door' more generally, see Joan Hoff Wilson, *American Business and Foreign Policy 1920-1933* (Boston, 1971).
- <sup>24</sup> To be precise, the Gulf states were described as being in special treaty relationships with His Majesty's Government. See Rosemarie Said Zahlan, 'King Abd Al-Aziz's changing relationship with the Gulf States during the 1930s', in Niblock (ed.), *State, Society and Economy in Saudi Arabia*, pp. 58-74. However, in Colonial Office files, and particularly in minutes, the term 'protectorates' was often employed.
- <sup>25</sup> The text of the agreement is reproduced in Confidential Print, M.E. No. 32, pp. 1-5, in C.O. 935/1.
- <sup>26</sup> Eastern and General Syndicate to the Colonial Office, 19 December 1928, enclosing copies of the agreements, C.O. 732/34/59115/25.
- <sup>27</sup> See exchange of correspondence in 1929 between Colonial Office, India Office and the Political Resident, on C.O. 732/34/59115.
- <sup>28</sup> Minute by G Thompson, 29 March 1928 on A2127/36/45, F.O. 371/12810

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- <sup>29</sup> Sir Austen Chamberlain regarded belligerent rights at sea as the only issue which made war between the United States and Great Britain conceivable. Note by Sir A Chamberlain on Belligerent Rights at Sea and the Relations between the United States and Great Britain, 26 October 1927, C.P. 258(27), Cabinet Records, Public Record Office, London (hereafter CAB) 24/189; Foreign Office memorandum by G Thompson, 17 November 1927, A6768/133/45, F.O. 371/12041; and file 36/45 of 1928, F.O. 371/12809 & 12810, in particular the minutes in May 1928 on A3195/A3438/36/45, F.O. 371/12810. For a general account of Anglo-American relations in this period, see B.J.C.McKercher, *The Second Baldwin Government and the United States, 1924-29* (Cambridge, 1984).
- <sup>30</sup> Fiona Venn, *Oil Diplomacy in the Twentieth Century* (London, 1986), pp. 54-82. British policy towards the Iraqi oil concession is discussed in Helmut Mejcher, *Imperial Quest for Oil: Iraq, 1910-1928* (London 1976); and Marion Kent, *Oil and Empire: British Policy and Mesopotamian Oil, 1900-1920* (London 1976).
- <sup>31</sup> Memorandum by R. L. Craigie, 12 November 1928, C.P. 344(28), CAB 24/198.
- <sup>32</sup> Notes on the conference are contained in a minute by G W G. W. Rendel, 7 May 1929, on E2316/281/91, F.O. 371/13730. Socal had succeeded the Gulf Oil Company because the latter had in the interim joined the Iraq Petroleum Company (IPC). It was thus bound by the so-called 'Red Line Agreement', by which participants in the IPC could only exploit concessions in an area of the Middle East, indicated by a red line on a map, through the IPC, and not individually. Since Bahrain was included in the red line area, Gulf was not permitted to hold a concession in Bahrain independently of the IPC. When the latter company turned down the possibility of taking over the concession itself, Socal, which was not part of the IPC, became involved.
- <sup>33</sup> Indeed, the British Government even found it difficult to obtain precise details of the concession terms. Not until 1943 did the Foreign Office secure full details. Concessionary Agreement, 29 May 1933, on file dated 23 December 1943, E8031, F.O. 371/35152.
- <sup>34</sup> A. H.T. Chisholm was the representative of Anglo-Persian in Kuwait during the negotiations. He has written a detailed summary of the commercial negotiations, together with many verbatim documents. See A.H.T. Chisholm, *The First Kuwait Oil Concession: A Record of the Negotiations for the 1934 Agreement* (London, 1975).
- <sup>35</sup> Under the Uqair Agreement of 1922, the rulers of Iraq, the Nejd (later to become Saudi Arabia) and Kuwait had agreed boundaries between their respective states, with the inclusion of jointly-owned 'Neutral Zones' to address areas of particular dispute. However, in this agreement, which was very much the work of the Political Resident, Sir Percy Cox, Kuwait lost approximately two thirds of its territory to the Nejd, which at that time was by far the stronger of the two. Abu-Hakima, *The Making of Modern Kuwait*, pp 121-131, and 147-155.
- <sup>36</sup> Rosemarie Said Zahlan, 'King Abd Al-Aziz's Changing Relationship with the Gulf States during the 1930s', pp. 58-74; and Abu Hakima, *The Making of Modern Kuwait*, pp 155-6.
- <sup>37</sup> For example, Persia in the 1910s and 1920s. See A. Yeselson, *United States-Persian Diplomatic Relations 1883-1921* (New Jersey, 1956); and A. C. Millspaugh, *Americans in Persia* (Washington D.C., 1946).
- <sup>38</sup> R. W. Ferrier, *The History of the British Petroleum Company. Volume 1: The Developing Years 1901-1932* (Cambridge, 1982), pp. 544 – 575.
- <sup>39</sup> Memorandum of a conversation with Francis Loomis, representative of Socal, 16 June 1934, Ministry of Power files, Public Record Office, London (hereafter POWE) 33/322/040534.

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- <sup>40</sup> Sir L Haworth, Political Resident, Bushire to Secretary of State for India, 14 October 1928, enclosed in J. G. Laithwaite, India Office to C. Baxter, Foreign Office, 24 November 1928, E5643/3164/34, F.O. 371/13070.
- <sup>41</sup> Report of an interdepartmental conference held at the Colonial Office on 7 June 1929, C.O. 732/39/69035/69. There is no record, either in the minutes of the meeting, or in Foreign Office files, of any Foreign Office opposition to this policy.
- <sup>42</sup> Anglo-Persian had expressed sporadic interest in the concession from 1911 onwards, but had not followed through on any possible concession. J. H. Bamberg, *The History of the British Petroleum Company: Volume 2, The Anglo-Iranian Years 1928 – 1954* (Cambridge 1996) pp. 147 – 149.
- <sup>43</sup> Minute by C. Warner, 20 Nov 1930, E6215/4914/91. F.O. 371/14484.
- <sup>44</sup> India Office to Colonial Office, 1 December 1930, and enclosed correspondence with the Government of India, C.O. 732/49/79178/32.
- <sup>45</sup> Internal memorandum by W. Murray to U.S. Secretary of State, 22 March 1932, 890B.6363.G.O.C./45, R.G. 59.
- <sup>46</sup> Internal memorandum by R H Alling and P M Villard, 15 March 1932, 890B.6363.G.O.C./39, R.G. 59.
- <sup>47</sup> For informal intervention, see correspondence in Department of State, *Papers Relating to the Foreign Relations of the United States. 1932*, Volume II, pp. 3-6; and for formal representations, U.S. Chargé, London to Secretary of State for Foreign Affairs, 29 March 1932, E1549/121/91, F.O. 371/16001.
- <sup>48</sup> Foreign Office memorandum on Foreign Policy, 4 December 1931, C.P.317 (31), CAB 24/225. On the role of Ramsay McDonald, see Anne Orde, *The Eclipse of Great Britain: The United States and British Imperial Decline, 1895-1956* (London, 1996), pp. 96-8.
- <sup>49</sup> Memorandum by Neville Chamberlain, Chancellor of the Exchequer, on the British Debt to the United States, 11 December 1931, C.P. 315(31), CAB 24/225.
- <sup>50</sup> Record of a meeting held at the Foreign Office, 11 March 1932, E1347/121/91, F.O. 371/16001.
- <sup>51</sup> A view which it continued to hold. See Admiralty to Foreign Office, 28 July 1932, E3836/3372/91, F.O. 371/16007.
- <sup>52</sup> For the opinion of these departments, see various correspondence on file 5255/91, F.O. 371/16853.
- <sup>53</sup> Minute by R. L. Craigie, 1 January 1932, on E6350/325/91, F.O. 371/15277.
- <sup>54</sup> Minutes by P M Roberts and others, 30 December 1931, on E6350/325/91, F.O. 371/15277.
- <sup>55</sup> Foreign Office to India Office, 22 January 1932, E261/121./91, F.O. 371/16001.
- <sup>56</sup> Secretary of State for India to Government of India, 3 February 1932, enclosed in C.O. 732/52/98026/23.
- <sup>57</sup> Government of India to Secretary of State for India, 25 February 1932, enclosed in C.O. 732/52/98026/23.
- <sup>58</sup> Minute by G. W. Rendel, 4 March 1933, E1196/12/91, F.O., 371/16835, sets out the position on these various matters. See also Rosemarie Said Zahlan, *The Making of the Modern Gulf States*, pp. 117-121.
- <sup>59</sup> C.O. to F.O. 26 February 1932, C.O. 732/52/98026/21.
- <sup>60</sup> Record of a meeting held at the Foreign Office, 11 March 1932, E1347/121/91, F.O. 371/16001. This is an interesting precognition of the crisis that was to arise in 1946, when the Soviets did indeed demand an oil concession in return for withdrawing from Northern Iran. See Louise L'Estrange Fawcett, *Iran and the Cold War: The Azerbaijan Crisis of 1946* (Cambridge, 1992).

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- <sup>61</sup> Although written some eighteen months later, G. W. Rendel summed up the general impression of the Foreign Office in a minute dated 29 September 1933, on E5576/5255/91, F.O. 371/16853.
- <sup>62</sup> Minute by G. W. Rendel, 28 March 1933 on E1498/487/25, F.O. 371/16870.
- <sup>63</sup> Minute by C. Warner, 10 April 1933, on E1825/487/25 F.O. 371/16870.
- <sup>64</sup> Foreign Office memorandum on the American wish to secure an oil concession in Kuwait, 2 April 1932, C.P. 120 (32), CAB 24/229.
- <sup>65</sup> Secretary of State for Foreign Affairs to U.S. Chargé, London, 9 April 1932, E1733/121/91, Department of State, *Papers Relating to the Foreign Relations of the United States 1932* Vol. II pp 14-16. This letter had been very carefully discussed and drafted. See E1733/121/91, F.O. 371/16002.
- <sup>66</sup> Secretary of State for the Colonies to the Acting Political Resident, 9 May 1932, C.O. 732/52/98026/50.
- <sup>67</sup> Minute by Sir L Oliphant of a conversation with Sir J Cadman, 11 April, 1932, E1897/121/91, F.O. 371/16002.
- <sup>68</sup> Anglo-Persian to Colonial Office, 3 March 1932, C.O. 732/52/98026/45a. For negotiations see Bamberg, *The History of the British Petroleum Company. Volume 2*, pp. 146-155.
- <sup>69</sup> See Chisholm, *The First Kuwait Oil Concession*; and also the lengthy correspondence on C.O. 732/50/89178.
- <sup>70</sup> Memorandum of a conversation between the U.S. Ambassador and Sir R. Vansittart, 17 October 1932, E5410/121/91, F.O. 371/16002.
- <sup>71</sup> Minute by G. W. Rendel, 19 September 1932, on E4637/3372/91, F.O. 371/16007. On the crisis in the Far East, see Christopher Thorne, *The Limits of Foreign Policy: The West, the League and the Far Eastern Crisis of 1931-1933* (London, 1972).
- <sup>72</sup> Minute by G. W. Rendel, 26 July 1932, on E3589/121/91, F.O. 371/16002. On the broader issue of Anglo-American relations, and the British determination to keep in close contact with the United States Government, particularly on the Sino-Japanese controversy, see telegram from U.S. Embassy, London to Department of State, 20 May 1932, 711.41/253, R.G.59.
- <sup>73</sup> Minute by R. L. Craigie, 27 July 1932, on E3589/121/91, F.O. 371/16002.
- <sup>74</sup> Memorandum of a conversation between the U.S. Ambassador and Sir R. Vansittart, 17 October 1932, E5410/121/91, F/O/ 371/16002. For growing concern within the State Department, see 890B.G.O.C./ 148-160, R.G. 59.
- <sup>75</sup> McKercher, *Transition of Power*, pp. 150-4.
- <sup>76</sup> Report to the Cabinet from the British representatives of the discussions at the meeting of the Preparatory Committee for the World Economic Conference, 10 November 1932, C.P. 396(32), CAB24/234.
- <sup>77</sup> Minute by Sir R. Vansittart, 2 November 1932, on E5784/121/91, F.O. 371/16002. In this month, the British requested the revision of the debt repayment due in December 1932. This initially caused considerable strain in the trans-Atlantic relationship, but the payment was in fact made. McKercher, *Transition to Power*, pp. 151-4.
- <sup>78</sup> Admiralty to Foreign Office, 8 November 1932, E6063/121/91, FO 371/16023.
- <sup>79</sup> Minutes by G. W. Rendel, 19 Nov 1932, and C. Warner, 18 November 1932, on E 6063/121/91, F.O 371/16003.
- <sup>80</sup> Minutes of the Middle East Official Sub Committee, 2 December 1932, M.E.(O), 21<sup>st</sup> meeting, CAB 51/2. See also M.E. (O) 81, CAB 51/6; and correspondence and minutes in E6549 and E6563/121.91, F.O. 371/16003.
- <sup>81</sup> Minutes on E913/12/91, F.O. 371/16835; internal memorandum by P H Alling, 16 March 1933, 890B.6363G.O.C./188 R.G. 59, and various documents in the

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- 890B.6363 G.O.C..file; and Sir John Cadman to Sir John Lloyd (director, Anglo-Persian), 1 March 1933, Chisholm, *The First Kuwait Oil Concession*, note 77, pp 176-7.
- <sup>82</sup> See McKercher, *Transition of Power*, pp. 161-172.
- <sup>83</sup> W Murray to R Atherton, 21 January 1935, 890B. 6363 K.O.C./2, R.G.59.
- <sup>84</sup> See correspondence on C.O. 732/57/18119 and C.O. 732/57/18126.
- <sup>85</sup> Minutes by R. L. Craigie and Sir R. Vansittart, 30 June 1933, on E3446/12/91. F.O. 371/6837.
- <sup>86</sup> Minute by C. Warner 28 June 1933, E3462/167/91, F.O. 371/16848.
- <sup>87</sup> See papers on CO 732/57/18119/78 & 89 & 131 & 137 & 163; and A H T Chisholm to Anglo-Persian, 16 January 1933, Chisholm, *The First Kuwait Oil Concession*, p 28.
- <sup>88</sup> G. Sloan, U.S. Consul, Baghdad, to U.S. Secretary of State, 8 July 1932, 890B.6363/43, R.G. 59. With no consular officials in the Arabian peninsula, other than in Aden, the United States relied heavily on the American medical missionaries, whose views form the basis of Sloan's report.
- <sup>89</sup> The text of the agreement between the British Government and the Kuwait Oil Company was finally signed on 1 March 1934, and may be found in Chisholm, *The First Kuwait Oil Concession*, pp 189-191. The text of the Concession Agreement, 23 December 1934, is in *ibid*, pp 242 - 249
- <sup>90</sup> Agreement between the British Government and the Kuwait Oil Company, 5 March 1934, in Chisholm, *The First Kuwait Oil Concession*, pp. 189-191.
- <sup>91</sup> Violet Dickson, *Forty Years in Kuwait*, pp. 131-133.
- <sup>92</sup> There were a number of schemes proposed which would result, in effect, in the United States Government obtaining the British share of the Kuwait concession. See Michael B. Stoff, *Oil, War and American Security: The Search for a National Policy on Foreign Oil, 1941-1947* (New Haven, 1980), pp. 82-3 and 131-2.
- <sup>93</sup> Susan K. Holly, 'Multinational Oil: Anglo-American defence policy and national security in the Persian Gulf, 1943-53', unpublished University of Essex Ph.D thesis, 1987.
- <sup>94</sup> Peterson, *Defending Arabia*, pp. 130-133.
- <sup>95</sup> The files on 890F, R.G. 59 for the period from 1941 onwards reflect a pattern of Saudi requests for assistance, extended both through the Embassy at Jeddah and the American oil company holding the Saudi concession, the Arabian American Oil Company (Aramco).
- <sup>96</sup> This is not to suggest that the British were unwilling to fulfill the role: indeed, as Kuwaiti oil grew in importance, so too did British involvement. See Smith, *Kuwait 1950-1965*, pp. 29-35, and 100-114.
- <sup>97</sup> Minute by G. W. Rendel, 29 September 1933, on E5576/5255/91, F.O. 371/16853.