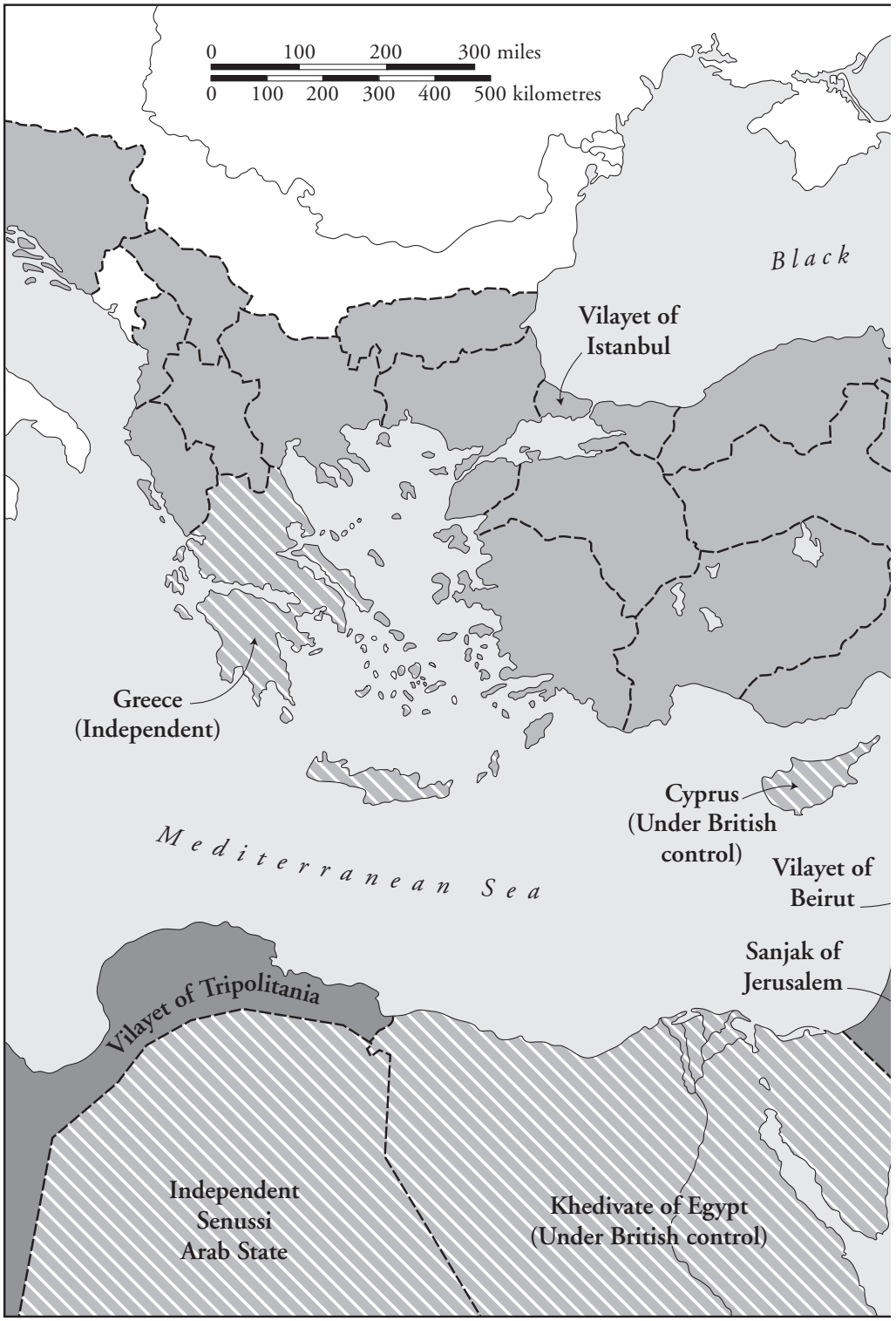
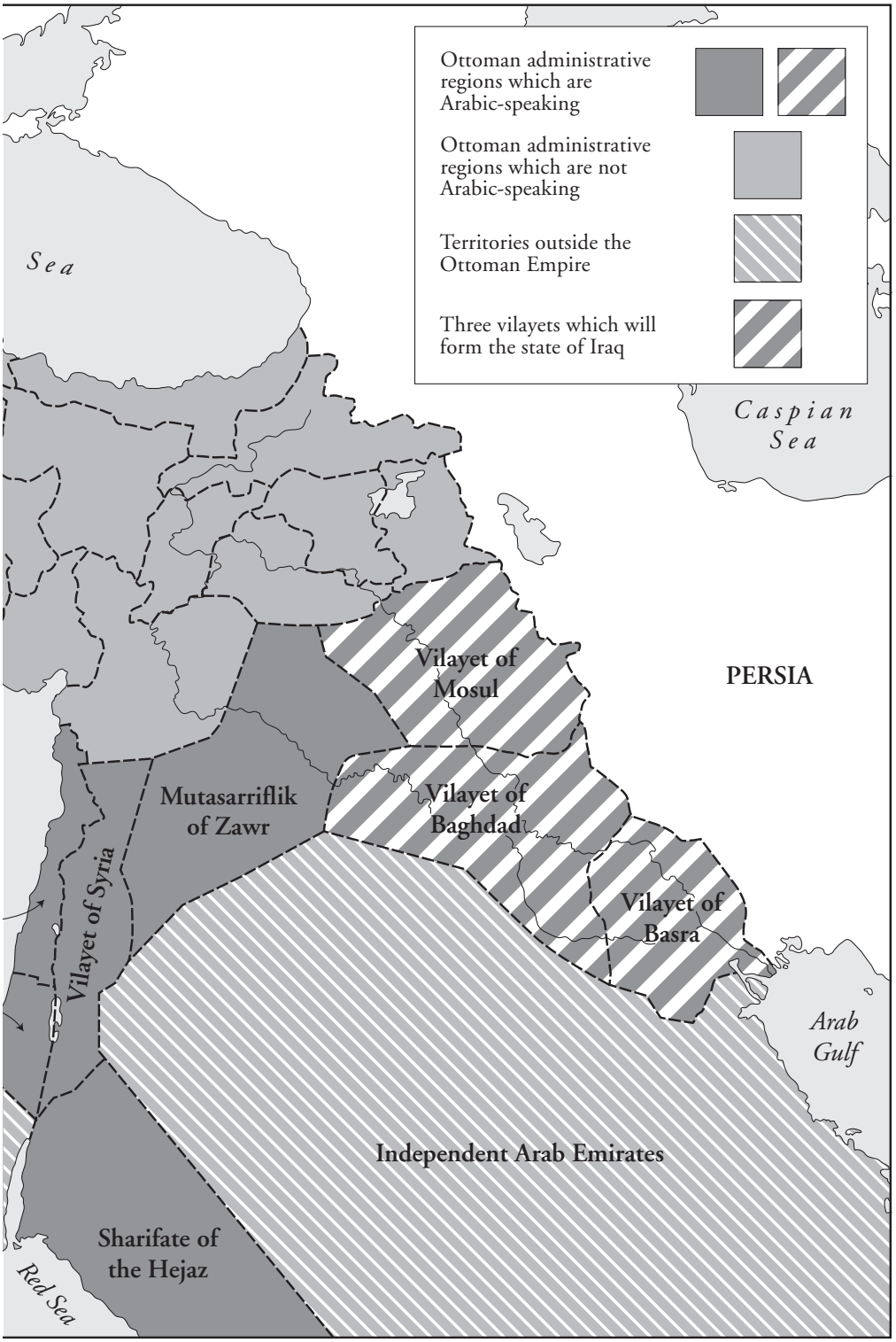
# PART ONE

# Invasion, Jihad and Occupation




THE OTTOMAN EMPIRE C.1900, SHOWING THE PREDOMINANTLY




ARABIC-SPEAKING VILAYETS AND OTHER ADMINISTRATIVE REGIONS

Sir Mark Sykes, May 1913

1

# Indications of Oil

One morning sometime in October 1905 – we don't know precisely when or where – the twenty-six-year-old Sir Mark Sykes, 'honorary attaché' at the British embassy in Istanbul, capital of the Ottoman Empire, made contact with an employee of a German engineering company surveying the territory of northern Iraq for the planned Berlin to Baghdad Railway. Perhaps they met in one of those ubiquitous Istanbul coffee houses, sipping that dark viscous liquid flavoured with cardamom, chatting and smoking just like any pair of European merchants doing a little business. We do know, however, that at some stage in the proceedings, the German gentleman passed a small package to Sykes which he quickly slipped inside his jacket pocket and in return – so we might reasonably surmise – an equally small package containing a sum of money was passed to the German engineer. Back at the embassy, Sir Mark unwrapped the package and checked the contents of the small notebook which it contained. Satisfied that the material he had been promised was actually there, he telephoned the British ambassador, Sir Nicholas R. O'Conor, to arrange an appointment with him at the ambassador's earliest convenience.

Sir Mark Sykes was no ordinary junior embassy official. He was the only son of Sir Tatton Sykes, an extremely wealthy landowning grandee with estates in the East Riding of Yorkshire. Over the previous ten years he had travelled widely in the territories of the Ottoman Empire and had gained the reputation of being an expert on 'the East'. Over the next ten years he would become, successively, the Conservative Member for the parliamentary constituency of Hull Central, the commander of the

Yorkshire Territorial Army Battalion and the personal representative of the war minister, Lord Herbert Horatio Kitchener of Khartoum, in all matters pertaining to British strategic and commercial interests in the Middle East. By 1916 he would be the government advisor whose opinions, ideals and prejudices were the most influential factor shaping the British Empire's war aims in the struggle against the Ottoman Empire.

Sykes's chief, O'Conor, a tall, languid Irish landowner and Britain's ambassador in Istanbul (which the British persisted in calling Constantinople) since 1898, was rather fond of his earnest young attaché, a fellow Catholic, who seemed happy to relieve him of some of the more tedious diplomatic work. Moreover, in those years before the First World War, O'Conor and Sykes shared a certain affection for the old Ottoman Empire. This once-great multiethnic and multireligious super-state, with a population of 21 million (a third of whom were Arabs) distributed over thirty-three vilayets and stretching from the Balkans to the frontier with Persia, had long since become critically weakened by a combination of war, rebellion, debt and the economic penetration of European capitalism. It was debt in particular that was the Achilles heel of the Ottoman state. Failure to repay immense loans from European banks had resulted in the creation of a European-controlled Ottoman Public Debt Administration which syphoned off the empire's taxes and customs duties. Britain was part of that organisation, but since the 1850s had also seen the Ottomans as a useful bulwark against tsarist Russia's attempts to expand south and gain access to the Mediterranean. So in 1905, this affection for Sultan Abdul Hamid II's ramshackle empire on the part of O'Conor and Sykes was also a reflection of Britain's long-standing foreign policy.

When Sykes made his telephone call to Sir Nicholas, the ambassador was ensconced aboard his yacht anchored in the Golden Horn, his preferred place of residence. However, in due course he received Sykes's message and shortly afterwards asked the attaché to join him for dinner. After the meal Sykes was invited to outline the contents of the small notebook he had obtained from the German engineer and which he had

meanwhile written up as a detailed memorandum. The ambassador was impressed and the following day, 15 October 1905, he dispatched Sykes's document to the Foreign Office, with a covering note of his own and marked 'SECRET'.[1]

Ten days later, Mr Richard P. Maxwell, senior clerk in the Commercial Department of the Foreign Office, selected a dossier from the pile upon his desk and read the following:

> SECRET. From H.M. Ambassador in Constantinople. 'Report on the Petroliferous Districts of the Vilayets of Baghdad, Mosul and Bitlis; prepared by Sir Mark Sykes, Hon. Attaché.
>
> The following accounts of the various Petroleum springs and asphalt deposits have been compiled from a report made to the Imperial Ottoman Government by an Engineer dispatched to the above mentioned Vilayets in 1901. The large map shows the distribution of the springs and deposits, the red Roman Numerals corresponding with the numbers scheduled in the following order. Where obtainable a large scale sketch has been appended to the verbal description showing the nature of the locality described.[2]

Maxwell ploughed on,

> No. I, Bohtan. 30 Kilometres up the Bohtan river ... No. II Sairt ... No. III Zakho ... No. VI Baba Gurgur ... The Petroleum Springs of Baba Gurgur are among the richest and most workable in the Vilayet of Mosul. They are situated in the vicinity of Kirkuk, being about 6 miles from the town at the foot of the Shuan Hills. They cover an area of about half a hectare and owing to the great heat are constantly burning, the petroleum in this zone seems limited to an area of 25 hectares, but still the deposits [are] of great promise.[3]

There followed descriptions of a further nine petroleum deposits, at the end of which the author had made the suggestion that they 'could be worked by means of pipelines leading from the springs to the sea'.

However, in a rather complacent letter to the ambassador of 25 October also classified 'SECRET', Maxwell merely commented that

printing the report with or without the maps … 'was hardly worthwhile, although it might be shown to D'Arcy if he would call to see it'. (William Knox D'Arcy's company was currently exploring for oil in southern Persia.) Finally, the Foreign Office official added that Sykes 'might be thanked for the trouble he has taken'.[4]

In Istanbul Sir Nicholas must have read the reply with some irritation. This was not the first occasion on which the embassy had informed the Foreign Office about the existence of potentially rich oil deposits in northern Iraq. A year earlier, with rumours circulating that the sultan had recently awarded an oil concession to the German company planning to build the railway to Baghdad, he had sent the foreign secretary, the Marques of Lansdowne, a map of the oil-bearing districts obtained by the embassy secretary, also from German sources.

On that occasion the foreign secretary had instructed O'Conor to pass the map on to the representative of the British D'Arcy Group who were showing interest in obtaining their own oil concession in Iraq. O'Conor had suggested to D'Arcy's agent that the embassy might intervene with the sultan's ministers using its diplomatic influence to expedite a favourable response. But D'Arcy's representative had declined the offer, replying that diplomatic intervention might actually complicate his current negotiations with those same ministers. It had been a serious miscalculation: negotiations had subsequently broken down. And now the Foreign Office seemed to be losing interest in the matter altogether in spite of the fact that Sykes's report had provided precise details of the different oil deposits which confirmed the veracity of that original map O'Conor had sent to London. There was no doubt about it: in the matter of oil concessions the Germans were stealing a march on Britain.

Sykes must also have been frustrated by the Foreign Office's rebuff to his intelligence-gathering efforts. But then, he knew there were those in Whitehall who regarded him as just an amateur, a 'gentleman' interloper among seasoned professionals. Indeed, in reality, his claim to expertise on matters pertaining to 'the East' was somewhat flimsy. Although Sykes had usually travelled on horseback on the eastern journeys of his

youth, these had not been dangerous adventures of discovery like those of the great Victorian explorers of the Middle East, men like Sir Richard Burton, Charles Doughty or William Palgrave. He had usually been accompanied by a retinue of Turkish soldiery, guides and servants and was offered considerable hospitality at the various staging posts along his route. Between journeys Sykes had begun to study Arabic in a desultory way, tutored for a time by one of Britain's foremost experts on both Persian and Arabic, Professor E. G. Browne of Cambridge University; but Sykes never mastered the Arabic script and what little he learned was transliterated into the Roman alphabet.[5]

Although well received at the time, Sykes's scholarly accomplishments in this area were rather meagre. They were confined to a travel book, *Through Five Turkish Provinces*, published in 1900, and another in 1904 entitled *Dar-ul-Islam: A Record of a Journey through Ten of the Asiatic Provinces of Turkey*. Sykes's writing had a keen eye for the picaresque and exotic with flashes of real humour; but it also displayed a darker side where Sykes gave voice to his prejudices against Jews, Armenians and urban Arabs. The latter were denigrated as 'cowardly' as well as being 'insolent and despicable' and 'vicious as far as their feeble bodies will admit'.[6] Turks and Kurds, on the other hand, who from time to time massacred their wretched Armenian neighbours, Sykes regarded as 'good, rugged fighters'. Nevertheless, in the company of his friends he was not averse to posing as an experienced orientalist, smoking a hubble-bubble and sitting cross-legged on the floor.

So, when Ambassador O'Conor informed Sykes of the Foreign Office's unenthusiastic response to the intelligence on potential Iraqi oil resources which he had gathered, Sykes must have been equally irritated; but he probably shrugged off the slight, his imagination already moving on to new enthusiasms – more horseback journeys to distant locations; more friendly encounters with cheerful bandoliered cut-throats; more amusing after-dinner anecdotes for his rich friends.

Nevertheless, ten years later, with the strategic importance of oil better understood, Sykes's attention would be drawn once again to the petroleum potential of Iraq, and by then, he himself would be occupying

a far more influential position in the machinery of state. On the other hand he was never to see the day – 14 October 1927 – when the top of the number 1 well at Baba Gurgur, that 'richest and most workable' deposit cited in his report, blew out and the first major discovery of oil in Iraq was made.

2

# Lieutenant Wilson's First Mission

One hundred and twenty miles inland and north-west from the head of the Arabian Gulf, and fifty miles upstream of the port of Basra, the great Mesopotamian rivers Tigris and Euphrates merge to form a broad navigable waterway known as the Shatt al-'Arab. This immensely wide waterway then flows on, in a south-easterly direction, before emptying its coffee-coloured contents into the blue-green Gulf. Along its southern half the Shatt al-'Arab forms the boundary between the Arab lands and the ancient civilisation of Persia. About halfway between Basra and the sea, on the Persian side, the Shatt al-'Arab is joined by the River Karun which rises in Persia's Bakhtiari mountains, thence curving southward through a broad alluvial plain before adding its turbid, reddish stream to those of the Tigris and Euphrates. Adjacent to the mouth of the Karun lies the tip of the forty-mile-long island of Abadan, separated only by a narrow waterway from the Persian mainland. In the early 1900s it was an almost featureless area of mud flats and a few date-palm gardens, occasionally subject to inundation, whose future economic and strategic importance could never have been remotely imagined by the Arab and Persian tribesmen who occasionally traversed its dreary landscape.

About one hundred miles up the Karun lies the once small town of Ahwaz, capital of the Persian province of Arabistan (now Khuzistan), where the British maintained a strong consular presence in the years before the First World War under the watchful eye of the imperial government in India. It was to Ahwaz that Lieutenant Arnold T. Wilson of the 32nd Sikh Pioneers was ordered on 29 November 1907, accompanied by twenty

Indian troopers of the 18th Bengal Lancers, ostensibly to reinforce the guard of the Ahwaz consulate but in practice to protect the employees of the British Concession Syndicate drilling for oil in the foothills of the Zagros mountains, seventy miles to the north-east.

Lieutenant Wilson was just twenty-three years old, one of seven children of a twice-married Rochdale clergyman. Educated at Clifton College and the Royal Military Academy at Sandhurst, he was a rather gauche and lonely young man who spent much of his leisure time avidly reading British imperial history. His greatly admired older half-brother, Edward, who had gone to South Africa to work for the British South Africa Company under the celebrated empire-builder Cecil Rhodes, was a formative influence on his political education and by his late teens Arnold had become a fervent imperialist. At Sandhurst he excelled in every field and at the end of his first year passed out First and was awarded the Kings Medal and Sword for General Proficiency and Military Engineering. Something of a prig, he didn't make friends easily and could sometimes be unfeeling in his treatment of those he considered less able than himself. A competent horseman, he had little patience for a skittish or recalcitrant mount. One particular horse he describes to his parents as a 'brute' which 'needed rough handling and a firm hand, which is more in my line than gentle handling'.[1] It was a description of his attitude to rebellious independence which would later manifest itself on a grander scale.

In 1903 Wilson had been commissioned with the 2nd Battalion of the Wiltshire Regiment and posted to Rawalpindi, a garrison town in Britain's vast Indian Empire. However, he soon found life in a peace-time British regiment boring and chafed at what he considered his underemployment – something which did not seem to bother many of his fellow junior officers. An intelligent and ambitious individual, Wilson began to feel increasingly frustrated by the lack of opportunities to exhibit the knowledge and skills with which Sandhurst had furnished him and in December 1904 he transferred to an Indian regiment, the 32nd Sikh Pioneers, where opportunities for both promotion and adventure seemed more promising.

Wilson also began to take an interest in army sanitation. Indeed, matters of health, general orderliness and 'clean-living' became something of an obsession with him. Wilson's prescription for maintaining his own robust good health was a cold bath taken at sunrise. At the same time, his hitherto conventional Christianity was evolving into a more earnest dedication to Bible-reading. The hymn 'Onward Christian Soldiers' came to mean something intensely personal for this fourteen-stone, physically strong, self-confident and intensely patriotic young man. He remained, however, something of a loner. He had none of the social graces or accomplishments: he did not dance or play tennis, golf or bridge. He disliked games, although he forced himself to acquire some proficiency at football and hockey. He had little opportunity to be in the company of women and remained intensely shy of them.

By 1907 Wilson had become interested in the political life of the Indian Empire and wrote a number of articles for various Anglo-Indian journals. He began to see his future as an officer of the Indian Political Service which administered almost every aspect of daily life throughout the subcontinent's sprawling land mass. In September 1907 he presented himself to the Foreign Department of the government of India at Simla, where he was offered the first step on the ladder towards becoming a 'Political' – a six-month posting with the Intelligence Branch of the chief of staff. Only twenty-four hours after his appointment to 'I' Branch was confirmed, Wilson received an urgent telegram advising him that he was to be sent to south-west Persia on 'special duties'.

Persia was then in a state of political flux. The territories of this nominally sovereign state owed allegiance to a central government in Tehran ruled by the weak and corrupt Muzaffar ed-Din Shah of the Qajar dynasty, whose predecessor, Nasr ed-Din Shah, had compelled his reluctant harem to dress as Parisian ballet girls as part of a somewhat misconceived modernisation drive.[2] Modernisation of a very different kind had arrived in 1901 when William Knox D'Arcy, an English millionaire who had made his fortune in Australian gold mines, acquired a concession from Muzaffar ed-Din Shah to search for oil in return for a down payment of £20,000, a further £20,000 in shares and 16 per cent

of the net profits of any company formed to work the concession. The contract area covered half a million square miles and would last for sixty years.[3]

Thereafter, reaction to the shah's propensity for granting concessions to Europeans in return for payments which were squandered on royal extravagance led to demands for a curb on the shah's powers and the establishment of the rule of law. In 1906, Muzaffar ed-Din was compelled to accept the setting-up of a constitutional council, the Majlis, by a revolution led by merchants, artisans and mullahs. But after his death the following year and a counter-revolution by his son Muhammad Ali Shah in 1908, the country became mired in civil war. Meanwhile, in 1907, an agreement between Britain and Russia carved Persia up into spheres of influence – for the Russians, the north including the capital, and for the British, the south, with a so-called 'neutral zone' in between. In practice, however, the southern parts of the neutral area, believed to contain valuable oil resources, became increasingly under the influence of the British zonal headquarters at Bushire on the Arabian Gulf.

This was the political and social environment into which Lieutenant Wilson and his men headed on New Year's Day 1908. Leaving Ahwaz, he and his men rode to Mamatayn, a few miles north of the town of Ram Hormuz and one of the two places where the Concession Syndicate's Canadian drillers and their Persian labourers were hammering through layers of rock with simple percussion rigs in search of the so-far elusive oil.

One can imagine the enthusiasm of this dedicated young soldier of the empire as he embarked on this, his first real independent mission in a land barely touched by European civilisation and largely under the control of the Bakhtiari khans, chieftains of a fiercely independent nomadic people who scorned any allegiance to Tehran. As he and his cavalry troopers rode through sweltering desert, fertile river basins and towering gorges cut through gypsum and limestone cliffs, the young lieutenant was elated by the scenery and wildlife, the unfamiliar trees and flowers and the frequent encounters with remnants of ancient civilisations. In his diary for March 1908 he notes, in particular, the 'great beds of wild narcissus' carpeting the hills and valleys. 'My men,

like Persians', he records, 'bend low to their stirrups to smell them as they ride slowly through,' adding, 'I can remember no time when my mind, and eyes and ears enjoyed during all my waking hours such a feast of beautiful and interesting things.'[4]

Arriving at Mamatayn, one of the two places where the Concession Syndicate is drilling, in a narrow gorge smelling of hydrogen sulphide with sheer cliffs of gypsum overlaid with gravel, Wilson is welcomed into the camp by G. B. Reynolds, the manager of the company's operations and a self-trained geologist who has previously been in the service of the Indian Public Works Department. The two men quickly become friends. Reynolds is the older man at fifty, but very active in body and mind. Like Wilson, he is accustomed to long journeys on horseback or mule; a successful autocrat in his dealing with both his Canadian roughnecks and the local Bakhtiaris – 'a solid British oak', as Wilson would later describe him.

In the following months Wilson and his men patrol the rugged mountainous regions surrounding the oil company's field of operations. The local Bakhtiari khans, whom he describes as 'looking like stage assassins with Martini-Henry rifles and fifty or more cartridges and a knife or two', are being paid £2,000 a year for 'safeguarding' the oil company's property and plant. Wilson quickly recognises that this is little more than protection money. Nevertheless, he soon comes to like them and to envy their hardiness.

One spring evening, while the Canadians, mistrustful of 'dirty native food', consume their canned European provisions and drink whisky to excess, Wilson and Reynolds share a meal of fresh local food: soup made from the bones of an old cow his cavalrymen have killed and eaten, chicken – boiled first and then grilled – stuffed with raisins, pistachio nuts and almonds and afterwards, dried figs, apricots, cherries and plums.

Afterwards, Reynolds explains his predicament. Hundreds of thousands of pounds have already been spent and there is still no discovery of oil. Reynolds is worried that the oil company's shareholders are losing patience. One final possibility remains: to move the drilling

operations to Maidan-i-Naftun, a location whose name, 'the plain of oil', certainly sounds promising. Moreover, an ancient temple nearby is supposedly of fire-worshipping Zoroastrian origin, giving further credence to the notion that there are petroleum resources somewhere in the vicinity. Reynolds therefore tells Wilson that he is going to move all the equipment there – it will be their last chance.

So by April 1908, with the temperature already reaching 115°F and the nomadic Bakhtiari tribesmen departing for their summer pastures high in the Zagros mountains, Reynolds and his drilling team are at Maidan-i-Naftun, grimly persevering with two new wells. Then Reynolds receives the telegram from the Concession Syndicate which he has been dreading. He should continue drilling down to 1,600 feet and then, if no oil is found, abandon the operations and transport his equipment back to Ahwaz and thence down the Karun river to Muhammara.

On hearing this Wilson is enraged. He immediately writes to his direct superior in the Indian Political Service, Major Percy Cox, warning that if the British pull out, their place will soon be taken by the Germans or by one of Rockefeller's companies. 'Cannot government be moved to prevent these fainthearted merchants masquerading in top hats as pioneers of Empire, from losing what may be a great asset?' he writes despairingly to Cox. Meanwhile, Reynolds decides to continue drilling for a little longer, convincing himself that it is possible that there has been error is the coding of the telegram and that it would be unsafe to follow its instructions until he receives further written confirmation. With luck this should give him about one more month.

Tuesday 26 May, 1908: it is an exceptionally hot night and Wilson is sleeping outside his tent. Just after 4.00 a.m. he is awakened by a great rumbling noise and shouts of jubilation from the Persian oilfield labourers. He runs towards the sound of the commotion and witnesses an amazing sight: the long-awaited breakthrough. A huge column of oil is spouting from the primitive percussion drilling rig, fifty feet above the top of the rig, tumbling down over the delighted drillers and labourers and almost smothering them with the accompanying gas. The Concession Syndicate – later to become the Anglo-Persian Oil

Company; and later still, British Petroleum – has struck oil at a depth of 1,200 feet. The first commercially exploitable oilfield in the Middle East has been discovered.

Wilson quickly swallows some yoghurt and flat bread, mounts his stallion and gallops to the Persian telegraph office, thirty miles away at Shushtar, to inform his superiors at Bushire on the Gulf coast of the important news. But when he arrives he realises that he doesn't have the current secret telegraph code book with him. Instead he gets out the Bible which he always carries with him and consults the Old Testament. Having found the verses he is looking for, he wires to Bushire the following: 'See Psalm 104 verse 15, third sentence and Psalm 114, verse 8, second sentence.' When the officers of the Indian Political Service at Bushire check the message against their own Bible, they read 'That he may bring forth ... oil to make his face shine' and 'Who turned the flint-stone into a springing well'. They know instantly what Wilson is referring to and the information is immediately sent off to the Concession Syndicate's offices in Glasgow, the Foreign Office and the Admiralty.[5]

The Admiralty were delighted. Since 1904, when Admiral John 'Jackie' Fisher had become First Sea Lord, it had been encouraging and supporting D'Arcy's oil-exploration activities. Fisher had set up a special committee to study the question of converting the Royal Navy's warships from coal to oil and he used his considerable influence to encourage the Scottish directors of what was then Britain's only oil company – Burmah Oil – to refinance D'Arcy's struggling Persian enterprise when its expensive drilling operations were failing to find reserves. The Concession Syndicate Ltd, which acquired D'Arcy's original company, First Exploitation Ltd, in May 1905, was the outcome of those endeavours. Following the successful discovery at Maidan-i-Naftun, a new company with a capital of £2 million – the Anglo-Persian Oil Company – was established in April 1909 and Fisher was now able to push forward with his plans to revolutionise the British navy in the knowledge that in years to come the country would have control of a major oilfield in a region effectively under British rule and with good communications with its Indian Empire.

By 1912, a 138-mile, eight-inch-diameter pipeline had been laid from Maidan-i-Naftun – now renamed Masjid-i-Sulayman after the nearby ancient fire temple – to an oil-receiving terminal and refinery at Abadan island. Meanwhile, Wilson had become de facto advisor to the Anglo-Persian Oil Company, personally undertaking land and property acquisitions on its behalf, and in May 1909 he accompanied his immediate superior, Major Percy Cox, to begin negotiating the agreement for the lease of part of Abadan island with Sheikh Khaz'al of Muhammara, the wily Arab potentate whose domain lay on the neighbouring Persian mainland and who, although nominally a vassal of the shah, was, in reality, an independent ruler.

Although the negotiations were protracted, Sheikh Khaz'al was eventually given assurances of continuing British protection while he himself relented on certain contractual demands, and the agreement to lease part of Abadan was signed. Afterwards Cox, who by now had formed a very high opinion of Wilson's work, appointed him as his assistant and he was instructed to carry out detailed topographical investigations of the whole area surrounding Anglo-Persian's field of operations in case disturbances among the local tribes should require military intervention. A few years later Wilson was to tell his parents, 'Whatever happens to all the other matters I have dealt with in this part of the world I shall, I am sure, always be proud of having helped to start the Oil Company on sound lines.'[6]

However, difficulties at Anglo-Persian's operations continued. On its first test, in July 1912, the refinery broke down. When it was finally in operation it became clear that the quality of its products was poor: the kerosene extracted for lighting – still a major market for the crude oil – had a dirty yellow tinge and quickly filmed-up the oil lamps in which it was used. And lurking in the background, the huge Royal Dutch/Shell Company, with whom Anglo-Persian had a contract for the marketing of its products, was beginning to deploy its formidable financial power towards a possible takeover of its smaller partner – or at least that was what the directors of Anglo-Persian feared.

By the autumn of 1912, with problems such as these still mounting, the Anglo-Persian Oil Company was fast running out of capital; but millions

Churchill as First Lord of the Admiralty, 1912

more were needed for development of the company's oilfields. Charles Greenway, Anglo-Persian's first managing director, a monocle- and spats-sporting gentleman who in spite of his 'Champagne Charlie' image had a sound experience of the oil business, now began pressing the government for a subsidy. But although the initial response from government was encouraging, by the following year no practical outcome had been achieved, although Winston Churchill, First Lord of the Admiralty, had made it clear that he was sympathetic towards the company's plight.

The navy was now building more oil-fired warships but the great battleships of the fleet remained coal-fired. Admiral Fisher, now in

retirement, continued to campaign for these super weapons of the day to be fuelled by oil. This would increase their speed from an average twenty knots to a world-beating twenty-five. But with Anglo-Persian once again struggling to survive, where were the future secure supplies of oil to come from? Not from a monopoly controlled by Royal Dutch/Shell, argued Anglo-Persian and its supporters in the Admiralty who questioned the 'Britishness' of a company which was only 40 per cent British-owned and whose two managing directors were respectively Dutch and Jewish. So the solution *had* to be Anglo-Persian, but how were its chronic financial problems to be solved?

Churchill responded with a proposal of breathtaking originality. On 17 June 1914 he introduced a Bill in the House of Commons to partially nationalise Anglo-Persian. The Bill contained two principal elements: firstly, the government would invest £2.2 million in the company in return for 51 per cent of its equity, and secondly, the government would place two directors on the Anglo-Persian board. Despite strong criticism both within Parliament and outside it, the Bill was eventually passed by an overwhelming majority, 254 to 18: the British government was now a direct participant in the international oil business. But the new Anglo-Persian remained a far cry from any kind of experiment in state socialism.[7]

Since only two government nominees would be on the board of directors, the company remained in all relevant respects a private one. And who were these government directors? One was Admiral Sir Edmond Slade, representing the interests of the Admiralty; the other was James Lyle Mackay, Lord Inchcape, chairman of the Peninsular & Oriental Steam Navigation Company, vice-president of the Suez Canal Company and a director of Hong Kong & Shanghai Bank, a self-made predatory capitalist in the classic mould: in matters of economic policy a devout believer in the superiority of market forces over state intervention – except, that is, in cases where such intervention served his own extensive business interests.[8] In spite of his role in Anglo-Persian as a government appointee, there was nothing to prevent Lord Inchcape from owning shares in the company and his private interest in

the oil business would later encompass investments in an Anglo-French consortium, the Middle East Development Company, which had plans for oil exploration in Syria and Arabia.[9] But Inchcape had another motive for his involvement in Anglo-Persian and its subsidiaries. As the leading shipowner of the day, the availability of cheap oil supplies to fuel his own fleet was extremely important to him and he would later use his position on the board of Anglo-Persian to lobby to reduce the price of oil for his P&O liners and merchant ships.[10]

There was, however, a further implication of Churchill's Act. Britain had now committed itself to a strategic involvement in a region on the frontiers of the Ottoman Empire and within a few hours' march of Ottoman troops based at the Iraqi city of Basra.

And this was not the only point at which British oil interests touched upon the Ottoman Empire's Iraqi territories. As Sykes had already discovered, in 1905 German engineers working on the Berlin-to-Baghdad railway project acquired geological data indicating that northern Iraq could be a richly petroliferous area and, as Ambassador O'Conor had feared, they had subsequently passed this information to representatives of the Deutsche Bank in Berlin. They, in turn, sought a concession from the Ottoman government to begin drilling operations in the area of Mosul. However, in 1912, Deutsche Bank transferred its claims for a concession to the Turkish Petroleum Company (TPC), whose capital was distributed between Royal Dutch/Shell, the Deutsche Bank, and an entity named the 'Turkish National Bank'. Shell and Deutsche Bank each held 25 per cent of the company's capital with the remaining 50 per cent in the hands of the Turkish bank. However, in spite of its name, half of the latter's equity was actually owned by British financial interests.

Meanwhile, an envious Anglo-Persian Oil Company looked on with deep chagrin at the success of its rival, Shell, which had now seemingly gained a foothold in what could turn out to be another major petroliferous area, and to further complicate matters the British ambassador in Istanbul reported that the Turks themselves had plans to set up an oil company to work the oil, not only around Mosul but also in the vilayets of Baghdad and Basra, prompting the British foreign

secretary, Sir Edward Grey, to send a sharp protest note to the Ottoman government in July 1913 followed by a further ultimatum on 12 March 1914.[11] The British government informed the Turks that it would not agree to the economic concessions they were currently requesting – primarily an increase in Ottoman import tariffs – unless they, in turn, agreed that the TPC should amalgamate with Anglo-Persian. So on 19 March 1914, in a deal orchestrated by the Foreign Office, the TPC was restructured whereby a subsidiary of Anglo-Persian, the D'Arcy Exploration Company Ltd, acquired 50 per cent of TPC, leaving the Deutsche Bank and Shell with 25 per cent each.[12] Three months later the British and German ambassadors in Istanbul were informed that an application by the TPC for an oil concession comprising the vilayets of Mosul and Baghdad would be granted, but that ratification and written confirmation would have to wait until certain stipulations were made as to the extent of Ottoman government participation in the new company's profits and the size of the royalty to be paid.

It was never to be. On 28 June 1914, a Serbian extremist assassinated the Austrian Duke Franz Ferdinand in Sarajevo and a month later (28 July) the Austro-Hungarian Empire declared war on Serbia. Thereafter, a fatal interlocking network of international treaties dragged all the major powers into war. At midnight on 30 July, the tsar ordered total mobilisation of the Russian armed forces in support of Serbia. In response, on 1 August, Austria's ally Germany also began mobilisation and the following day signed a secret alliance pact with the Ottoman Empire. On 3 August, Germany declared war on Russia's ally France and invaded Belgium. This in turn triggered Britain's declaration of war against Germany the following day. Finally, after completing its mobilisation, on 31 October the Ottoman Empire joined Germany and Austria in their war against the Allies.[13] And now, the British oil interests at Abadan and in south-west Persia had suddenly become uncomfortably close to enemy soil.

3

# 'Protect the oil refineries'

Many years after the end of the First World War, Lieutenant Wilson – by then, Lieutenant Colonel Sir Arnold Wilson MP – reflected on the events which had tumbled Britain into a major war in the Middle East at the beginning of November 1914. When 'the little war cloud first arose in the West, no bigger than a man's hand', he mused, 'it occurred to no one in Turkish Arabia that it would overshadow them within a few months bringing terror and doom to pygmy man.'[1] Neither could he, nor anyone else, ever have imagined that within six years nearly 30,000 British and Indian soldiers and an equal number of Turks and Arabs would perish – as Wilson put it – 'in the flower of their youth in the country of the two rivers and the rocky wastes of Kurdistan'.

Unlike the other major powers bound by those toxic international treaties, there was nothing inevitable about the outbreak of hostilities between the two empires – Ottoman and British. Although the latter's long-standing diplomatic support for the former was beginning to weaken somewhat,[2] the British government had shown little concern when a revolutionary organisation, the Committee of Union and Progress (CUP), overthrew the government of the paranoid and despotic Sultan Abdul Hamid II in 1908, and had maintained a studied neutrality in the 1912 Balkan War which had driven Turkey from most of its European possessions. True, by 1914 there was a powerful pro-German faction within the Ottoman government, notably in the person of its virtual dictator, the dapper, thirty-three-year-old Enver Pasha; but there were also elements within the ruling CUP which had no wish for an

armed struggle against the British Empire. Nevertheless, once hostilities had commenced in Europe in August 1914, a long, smouldering fuse of war began to slowly burn its way towards the British possessions and dependencies at the head of the Gulf.

Difficult though it is to say precisely how that fuse was lit, Winston Churchill, First Lord of the Admiralty, was probably one of the incendiarists. Britain had been building two Dreadnought class battleships for Turkey on the Tyne, the *Sultan Osman* and the *Reshadieh*. The ships had cost Turkey £7.5 million, a huge sum of money for a bankrupt nation, and the cash had been raised by public subscription in the hope that the new warships would enable the Ottoman Empire to recover islands in the Aegean and Dodecanese which had been lost to Italy and Greece in the wars of 1911 and 1912. The *Sultan Osman* had been completed and Turkish crews had arrived to man both vessels, but the ships were awaiting the construction of a larger dock sufficient to hold them at Istanbul. On 28 July, the day on which Austria declared war on Serbia, Churchill proposed that both ships should be requisitioned for the Royal Navy and on 31 July the cabinet approved their seizure.

These events enraged Turkish public opinion and Churchill's action played into the hands of the Germanophile Enver Pasha, who had been secretly negotiating with Berlin for an Ottoman–German pact behind the backs of his colleagues in the CUP. Consequently, on 2 August 1914, Germany and the Ottoman Empire signed an alliance, although the Turks decided to make no formal declaration of war against the Allies until their mobilisation was completed. Meanwhile, two German warships, the 23,000-ton battlecruiser *Goeben* and the light cruiser *Breslau*, had been ordered to the western Mediterranean with a view to attacking ships ferrying troops to France from its North African colonies. On 3 August they were secretly dispatched to Istanbul, from where they were allowed to pass through the Dardanelles into the Black Sea. On 27 October the two ships, accompanied by Ottoman vessels, began to bombard the Russian ports of Odessa, Sevastopol and Feodosia. Three days later, Britain, France and Russia withdrew their ambassadors from Istanbul and on 31 October the Ottoman Empire declared war on the Allies.[3]

While these events were unfolding and relations between London and Istanbul were beginning to deteriorate, anxiety began to grow over the security of Britain's oil operations at Abadan island and its Persian hinterland.[4] At that time the oilfield at Masjid-i-Sulayman and the Abadan refinery were producing only around 8,000 barrels per day, a very modest production level by world standards,[5] but there were expectations of substantial future increases and the Royal Navy needed every barrel it could get its hands on. Admiral Slade, one of the government's two representatives on the board of Anglo-Persian, wrote a memorandum to this effect urging the dispatch of troops to defend the oil installations. But initially, Churchill thought there were simply not enough troops available. In a minute attached to Slade's memorandum he therefore concluded – no doubt ruefully, given his previous support for Anglo-Persian – that 'we shall have to buy our oil from elsewhere.'

However, throughout September and October 1914 consultations between London and the government of India continued as to how best to protect the nascent British-owned oil industry should hostilities with the Ottoman Empire commence. Although the government of India was reluctant to do anything which might ignite Muslim passions – and there were already reports of strong anti-British sentiments among the population in Baghdad and Basra[6] – feelings in favour of a landing in southern Iraq grew in strength, fortified by the view that Britain must do all it could to protect its client sheikhdoms at Kuwait and Muhammara, especially since it was Sheikh Khaz'al of Muhammara who was the British oil industry's 'landlord' at Abadan. On 2 October the crucial decision was made. A brigade-strength expeditionary force of Anglo-Indian troops in five transport ships supported by the old battleship HMS *Ocean* would put to sea on 16 October with orders to make what was described as a 'demonstration'.[7]

Meanwhile, on 29 September, the Royal Navy sloop HMS *Espiégle*, mounting six 4-inch guns and four 3-pounders, was ordered to enter the Shatt al-'Arab, followed by the armed merchantman *Dalhousie*, while another sloop, the *Odin*, stayed to patrol the mouth of the estuary. *Espiégle* then sailed up the Shatt al-'Arab and anchored off the Sheikh of

Muhammara's capital at the mouth of the Karun. Whatever was intended by this exercise in gunboat diplomacy, its impact only exacerbated the growing tensions between Britain and the Turks. The governor of Basra, Subhi Bey, demanded the ship's departure by 21 October, threatening to blockade it if it didn't withdraw by that date. So *Espiégle* dropped back to Abadan; but it did so under heavy small-arms fire from the Ottoman side of the river.

At the same time, the small expeditionary force of one British battalion and three Indian battalions with two 10-pounder mountain batteries, from Sir Arthur Barrett's 6th (Poona) Division, which had put to sea on 16 October for the purpose of making the 'demonstration', sailed for the Shatt al-'Arab with the following orders:

1) Protect the oil refineries, tanks and pipelines.
2) Cover the landing of reinforcements.
3) Assure local Arabs of our support against Turkey.[8]

The landing force was commanded by Brigadier General W. S. Delamain of the Indian Army and accompanying him as chief political officer was Arnold Wilson's superior, Sir Percy Cox. The brigade arrived at the sandbar which obstructs the mouth of the estuary on 3 November and, after sweeping for mines, sailed up to Abadan. Meanwhile the sloop *Odin* bombarded the Turkish fort on the Fao peninsula which was later stormed and occupied by Royal Marines from the battleship *Ocean*. After making a difficult landing without barges or landing stages, the Anglo-Indian force deployed at a small Arab village called Saniyya on the right bank of the Shatt where, on 11 November, it was briefly and ineffectually attacked by around 400 Ottoman troops. A few days later, the remainder of the 6th Division under Lieutenant General Sir Arthur Barrett arrived to reinforce Delamain's men and on 19 November, in a driving rainstorm, General Barrett ordered his men forward through a sea of mud to attack the old Turkish fort of Zayn, where the Ottoman troops had concentrated. With the support of a battery of royal field artillery the 4,000 Turkish and 1,000 Arab defenders were overwhelmed

and fled back towards Basra. However, two Indian battalions were quickly loaded onto the sloops *Espiégle* and *Odin*, which steamed rapidly up to Basra, arriving unopposed at the port before the retreating Turkish troops on 21 November. Barrett's force then pursued the Turks to Qurna, at the junction of the Tigris and Euphrates, which was captured on 9 December after some heavy fighting.

During this first, successful phase of the invasion the British forces suffered one small but significant loss. In an inconclusive skirmish on 17 November, Sir Percy Cox's assistant political officer (APO), Captain R. L. Birdwood, was killed. At the time Lieutenant Arnold Wilson was in London, having just completed an arduous journey along the Turko-Persian frontier as part of an expedition to delineate the border between the two territories which had been a bone of contention for many years. News of the outbreak of hostilities between Russia and the Ottoman Empire reached him as he and his companions crossed the Ottoman-Russian border on 29 October and he straightway made for Archangel, from where he took ship to England. He was expecting to be sent to the front in France but suddenly received orders to set off immediately for Basra, where he was to replace Birdwood as Cox's APO. He arrived there on 28 December 1914. An obscure British junior officer had been killed in action. A barely less obscure British junior officer had replaced him. But within a few years this seemingly unremarkable event was to have major repercussions.