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978-0-521-11759-3 - The History of the British Petroleum Company, Volume 2: The Anglo-Iranian Years 1928-1954

J. H. Bamberg

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Based on unrestricted access to papers and personnel at BP, as well as numerous other sources, this second volume of BP's history aims to be an honest and comprehensive examination of the Company in the period 1928 to 1954. Such a history inevitably touches on many different historical interests ranging from international relations to social, economic, political and military topics, primarily in Britain and the Middle East.

The book includes penetrating insights into the direction and management of the Company, the achievements and shortcomings of successive chairmen, and the relationship between the Company and its major shareholder, the British Government. It also deals in detail with matters which have retained an aura of controversy and mystique long after their occurrence, most notably the international petroleum cartel which sought to control world oil markets, and the major international crisis arising from Iran's oil nationalisation.

Concluding his account of these events, Dr Bamberg calls into question some widely held views on the history of BP and the oil industry. Was it in BP's interest to be closely identified with the declining imperial power of Britain during an age of rising nationalism? Did BP, as one of the famous 'Seven Sisters' of the oil industry, control its economic and political environment to its own advantage? Or was it buffeted and thrown off course by events beyond its control?

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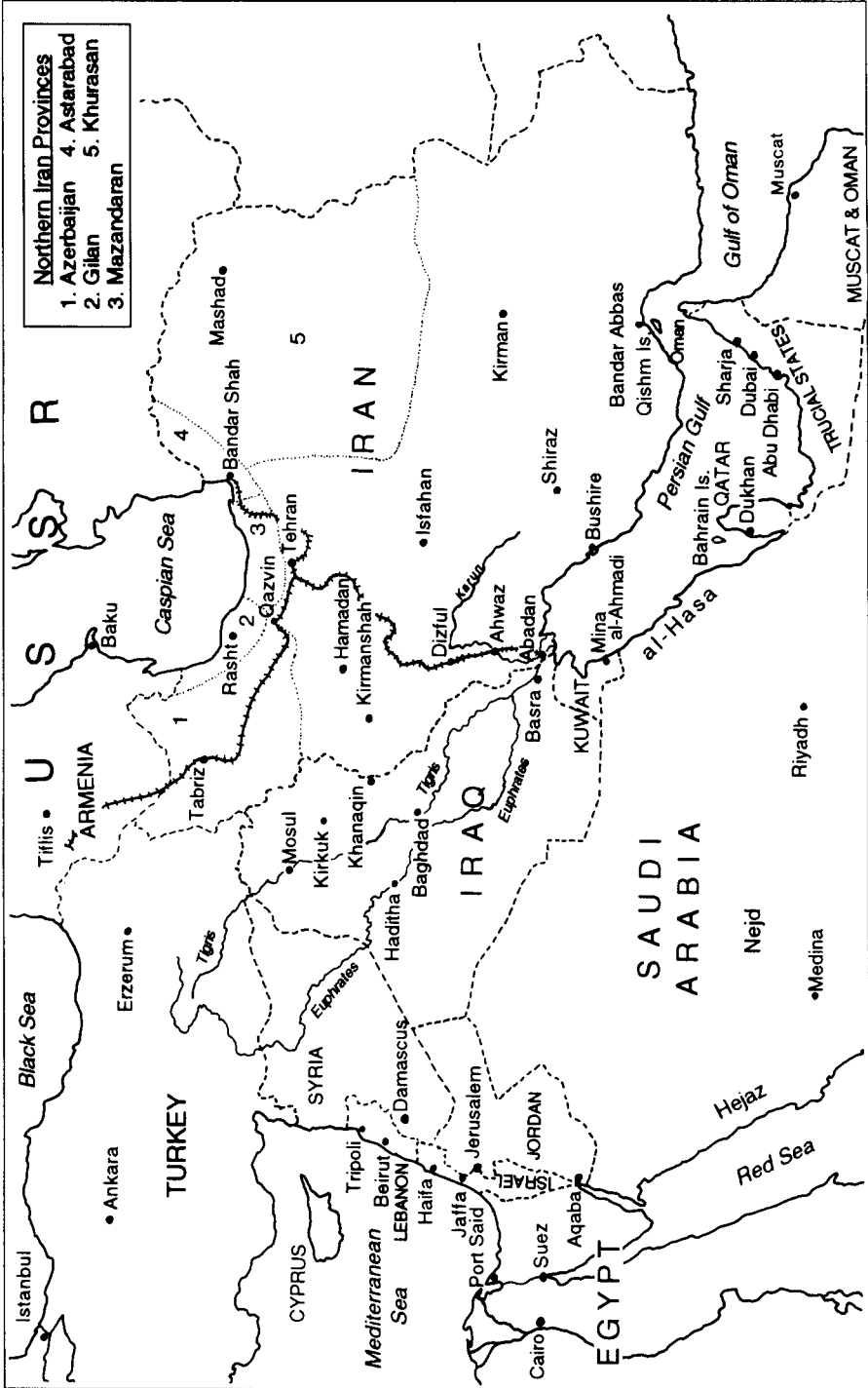
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THE HISTORY OF  
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Volume 2  
The Anglo-Iranian Years,  
1928–1954

J. H. BAMBERG



**CAMBRIDGE**  
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## *Preface*

In volume 1 of *The History of The British Petroleum Company* (1982), Ronald Ferrier described the origins and development of BP in approximately the first three decades of the twentieth century. This volume follows on from where volume 1 left off and terminates with the settlement of the Anglo-Iranian oil nationalisation dispute in 1954.

The treatment is somewhat different from the preceding volume. In part this is attributable to the changing nature of the Company as it emerged from the early pioneering years and developed into a more corporate form of enterprise in a changed social, economic and political environment. Mainly, however, differences in style and approach between the two volumes arise from the change in author, which took place after I succeeded Ronald Ferrier as BP historian on his retirement in 1989. By that time he had done much work on the second volume, on which, despite ill health, he continued to work for another year before handing over to me in mid-1990. From that point on, I became responsible for the book.

Writers of commissioned histories tend to be suspected of compromising their impartiality and independence in obeisance to their paymasters, who, it is frequently supposed, seek to be shown in a favourable light. To counteract such suspicions, historians commonly insert disclaimers of bias or censorship in the prefaces of commissioned Company histories. In the case of this history of BP, the scope for doubting its honesty of purpose is if anything magnified by its being written, not by a commissioned outside historian, but by an historian in the employment of the Company. Those who are inclined to doubt the integrity of this history may be reassured to know that no restrictions were placed on access to sources of information in BP, or on the manner in which they were used; that BP's pre-1955 archives, located

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*Preface*

at the University of Warwick, are now open to outside access, enabling researchers to study the evidence used for this volume and draw their own conclusions; and that the research and writing of this volume was monitored by an Editorial Committee which included, for varying periods, not only successive BP chairmen (Sir David Steel, Sir Peter Walters and Robert Horton) and directors (Lord Robbins and Lord Greenhill), but also eminent external historians (Professor Alfred D. Chandler, Professor Donald Coleman and Dr Peter Mathias), whose combined experience, knowledge and critical acumen could at any time be exercised to uphold the integrity and standards of the history.

Of course, none of that can possibly guarantee that this volume will satisfy all who might be interested in it. Although the aim has been to achieve a full, balanced coverage of the Company's activities, heed has also been taken of Voltaire's cautionary maxim: 'Le secret d'ennuyer est . . . de tout dire' ('The way to be a bore [for an author] is to say everything'). For that reason – and for the practical purpose of keeping the book to a manageable length – much detail has been excluded. As a result, there will surely be specialists in particular fields who feel that one aspect or another of BP's history has been underemphasised or overlooked. While some may be disappointed by the treatment or exclusion of their special interests, there are others – particularly those who have made academic business history their speciality – with whom the whole idea of writing individual company histories is out of favour. Adherents to that school of thought hold that the most fruitful approach to expanding knowledge and understanding of the development of business is by the comparative analysis of a number of businesses, not by corporate biographies of single firms – a form of 'life without theory', as Disraeli described biography. It is indeed not difficult to find company histories which conform to that description. Yet there are also pitfalls in going to the opposite extreme and being too doctrinaire in stripping a business of its unique features, reducing enterprise to a mechanistic formula. Although there are repetitions in history, that is not to say that history repeats itself exactly. As Charles Wilson wrote some forty years ago, at the beginning of his classic history of Unilever: 'There is no trick or sequence of tricks that can be learnt to be repeated successfully: too many factors are changing too much of the time'.

For the historian, dealing, like the businessman, with a myriad of variables and subjective factors, there can be no objectively perfect balance between biography and theory, narrative and analysis, qualitative judgement and statistical measurement. Unable to identify an

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objective optimum, I have tried to interweave the Company's unique characteristics and identity with topics of wider, comparative interest such as finance, marketing, organisation, technology and government relations. Much more space is devoted to international affairs than is usual in business histories, but that, I feel, is an accurate reflection of BP's exceptionally deep involvement in matters of international diplomacy, particularly in relation to Iran. The balance and style will not, of course, suit every purpose or taste. Nor, on matters of interpretation, will my views meet with universal approval – an impossible prospect given the wide range of opinions which are held on some of the more controversial episodes in BP's history.

A work such as this – extending over a number of historical disciplines and drawing on a great volume and range of sources – requires more than a solo effort. A most important contribution was made by the antecedent work of Laurence Lockhart and Rose Greaves, who in 1970 completed a meticulously researched multi-volume record of BP's relations with the Iranian Government up to 1954 for in-house circulation only. Most of the subsequent research was done during Ronald Ferrier's term as BP historian. Among his research assistants, Anne Ewing was concerned with British oil policy; Julian Bowden researched and wrote up the history of the Iraq Petroleum Company; Robert Brown provided information on the Company's employment policies in Iran; Ewen Green produced interesting material on relations between the Company and the British Government after World War II, before moving on to a research fellowship at Brasenose College, Oxford and later to a lectureship at the University of Reading; Pamela Tanzey investigated the Company's marketing activities in continental Europe; and Anne Saunders was resourceful in locating relevant documents at the Public Records Office, Kew. Others who contributed to the history after retiring from their full-time employment with BP were Commander Edward Platt, who did much work on the history of the Company's shipping activities; John Hooper, who was indefatigable in researching the technical side of the Company's history; and Keith Taggart, whose skill in compiling the financial statistics was matched only by the pleasure of his company. In the later stages, after the research phase was largely over, Jenny Ward brought a fresh mind to the challenging task of unravelling and reducing the huge volume of material on the Company's concessionary relations with Iran to manageable proportions. Throughout, the study of documentary evidence was enlivened by discussions with scholars and others – including many past and present BP employees – whose knowledge and

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recollections helped greatly to clarify subjects and events which might otherwise have remained obscure. They are too numerous for me to acknowledge every one individually, and to mention some would mean excluding others. In this invidious dilemma, I can think of no better course than to thank them all together.

Outside the circle of those involved with the research and writing were others who were concerned with supporting services and administration. The Company's archivists – under first Janette Harley and later Anita Hollier – provided a first-class information retrieval service. Among those who provided secretarial support were, in the early days, Kay Underdown, held in very high esteem by Ronald Ferrier; Sandra Peters, who I shall always remember for showing the strength of mind not to go under as the paper piled higher; and Judy Scherbening, whose tact and efficiency in keeping the office wheels turning when I was preoccupied with the final stages of completing this volume went largely unsung at the time. I have also been extremely fortunate that the senior managers who have been administratively responsible for the history since I became BP historian have, without exception, been people who have combined highly professional managerial skills with a friendly and personal way of going about their business. They include David Walton, Dick Olver, Paul Fowler and, at the time of writing, Robert Pennant Jones.

Finally, I wish to express my gratitude to BP's present board of directors for continuing to support the research and writing of this history – albeit on much reduced resources – during the unusually difficult times through which the Company has passed in recent years. Having spared the means, I hope they will be able to derive some pleasure from the result.

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[More information](#)*Abbreviations*

AGIP	Azienda Generale Italiana Petroli
AIOC	Anglo-Iranian Oil Company
API	American Petroleum Institute
APOC	Anglo-Persian Oil Company
Aramco	Arabian American Oil Company
BOD	British Oil Developments
BPC	Basra Petroleum Company
BTC	British Tanker Company
C	Centigrade
Casoc	California Arabian Standard Oil Company
CFP	Compagnie Française des Pétroles
d	pence
DIB	Di-isobutene
ECA	Economic Co-operation Authority
EGS	Eastern and General Syndicate
ICI	Imperial Chemical Industries
IHP	International Hydrogenation Patents
ILO	International Labour Organisation
IPC	Iraq Petroleum Company
KOC	Kuwait Oil Company
MPC	Mosul Petroleum Company
NEDC	Near East Development Corporation
NIOC	National Iranian Oil Company
OEEC	Organisation for European Economic Co-operation
RAF	Royal Air Force
ROP	Russian Oil Products
s	shillings

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*List of abbreviations*

SGHP	Société Générale des Huiles de Pétrole
Socal	Standard Oil Company of California
Socony	Standard Oil Company of New York
Standard Oil (NJ)	Standard Oil Company of New Jersey
TEL	Tetraethyl lead
TPC	Turkish Petroleum Company
UOP	Universal Oil Products



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## *A note on the text*

### Country names

In general, countries are described by the names which were in use at the time. For example, Palestine is used instead of Israel before the state of Israel came into being. However, an exception is made in the case of Persia, whose name was changed to Iran in 1935. In referring to that country in this book, it would be confusing to use the name Persia up to 1935 and then to change to Iran because successive chapters of the book do not always follow one another in strict chronology. The name Iran has therefore been used throughout the text, except in quotations, which are *verbatim* and reflect the common western usage of the name Persia even after 1935.

### Company names

The entity which is now known as The British Petroleum Company plc was called the Anglo-Persian Oil Company Limited when it was originally formed in 1909. In 1935 the name was changed to the Anglo-Iranian Oil Company Limited and in 1954 it was changed to The British Petroleum Company Limited. In order to avoid confusion, the entity which underwent these successive changes of name is referred to as the Company throughout the text. That term is not otherwise used as a proper noun, except where it forms part of another company's name, for example in the Burmah Oil Company.