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T H E O I L E R A

by

M. C. J. Harrington

M. A.



O T T A W A

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TO MY MOTHER

"Cherchez le pétrole"

**"All the arms, all the fleets,
all the gold of the world, are
nothing compared to who domina-
tes petroleum."**

Sir Elliot Alves

**"It is even possible that the su-
premacy of nations may be deter-
mined by the possession of avai-
lable petroleum and its products."**

President Coolidge

SUMMARY OF CRIMINAL HISTORY

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ORGANIZATION OF AN OIL COMPANY

Exploration	{ Geologic Scouting Land & Leasing
Production	{ Drilling Producing
Pipe Line	{ Right of way Construction Maintenance & Operation
Manufacturing	{ Refining Natural Gasoline
Marketing	{ Traffic Sales
Legal	{ Taxes
Accounting	
Public Relations	{ Advertising

INTRODUCTION

In presenting this thesis on oil, I should like to point out the various reasons, which led me to investigate the subject and subsequently the writing of it.

Petroleum or oil offers many sided aspects: to the student of economics, he will see its special or pure form of monopoly, which also includes an oligarchy of a few companies; to the student of politics its influence on the same and finally to the strategists or geopoliticians the basic element of power, "sine qua non", the war would come to a standstill.

A detailed and minute analysis of World War I & II led me to the conviction, that the vital questions behind it all, were economics, although freely intermingled with ideologies. In economics raw materials especially play a most important part. A lack of these,

which includes anything from farm products to mining products, means giving up the struggle and world supremacy for the opponent, who possesses them. What happened to Germany in World War I is a living example of what happens to a country poor in raw materials. This being the reason of the post-World War I craze or frenzy for "Ersatz" products.

In the category of raw materials heading the list, even before Steel, is petroleum. We still remember Bismarck's words, that a war was won at the expense of Blood and Steel. But World War I proved, that, as Lord Fischer of the Admiralty stated, the factors were Blood & Oil. A lack of this precious liquid, which has been named "Black Gold", would bring the entire war machine on land, sea and air to a standstill. Of course I do not deny the importance of other raw materials like copper, steel, aluminum and rubber etc.; but petroleum is really in relation to them the most important; as it is the driving power.

On the same scale, I do not overlook the powerful arms of man power and religion or more generally speaking moral values; but where would we stand if we were deprived of raw materials?

As I stated before this is a petroleum war. In 1913, 7% of all force was produced by petroleum, in 1934 it had increased to 24%. In 1913 the amount of oil consumed by the world's shipping tonnage was only 1.5%, and in 1934 it had increased to 46%.

Since those two gigantic corporations made their appearance, petroleum has dominated this world. Much has been said against, little for them, yet they represent with their world connections one of the cornerstones of the XX century. They are a personification of Nietzsches superforce. They have been judged too much in a small way. How different they appear from up above, from on top, they possess that indispensable "broad view", for paving the way for international co-operation. It is always different to see, analyse and criticize such trusts from the inside; they have one great trump: organization. Let us further analyse those advantages it represents.

Through its concentration of capitals it can afford to concentrate production, that includes not only the actual production of the end product, but also the preparatory production, like the extraction of the raw materials or even the complementary production, including

subproduction, that is to say the end production besides the main end product, which are also utilised. It can furthermore concentrate it on one spot, thereby reducing the enormous transportation costs. Transport, it must not be forgotten, is the major problem, one has always to cope with. Thus it represents an economy of production costs, so that prices become lower, but the quality is improved on account of the mass production. Further economy in work and capital is thus achieved, which in turn means higher salaries to those employed by the company. Through its huge market, on which it has certain control, it can control superproduction, the bugbear of the late twenties.

Besides it can afford to apply new costly processes, on account of the concentration of capital, for new machines and processes are very costly. Finally their organization, allow for better control of all of its different production phases and their respective financing.

All these criticisms, which have been directed against them are useless and futile. It is not the companies that must be changed, nor their directors: it is the actual economic system!

Our actual system of government, with its present state of politics must gradually change and disappear, politics becoming economics, is what I call a sound and wise administration, composed not of incompetent jealous bureaucrats, but of men of our industrial and commercial life, for the important factor of personal interest is indispensable for the success of the new form, Xx somewhat on the corporative line, with an Economic Supreme Court, whose final decision is irrevocable. Yet the new governing body must have in times of need, dictatorial powers of decision. Thus eventually we will have a new aristocracy, not of money, not of blood, but of ability and everyone will have the opportunity of entering it, this being one of the fundamentals of democracy and at the same time the law of the inequality of man will come to its due merit.

Thus this new balancing system, does not entail any dangerous change, which is always a failure; for cooperation, individual enterprise and capitalism will exist side by side, but with more equanimity. But it will be a new form of capitalism. It is exactly just such a pure capitalistic force that petroleum has to be and remain. Which other form, than the afore mentioned,

one, can afford for instance to spend half a million dollars on boring a well in the wild interior of South America and run the risk of not finding petroleum? \$17,000,000,000 have been uselessly spent on non productive wells.

Through their complete international character, I see in them, the forerunners of what this world will become, not a nationalistic divided world, with chauvinistic tendencies, but an internationally united world, a federation of the States of the entire world, a certain authors already see it. Wilson wanted a united Europe. Today two opponents are seeking the same, but applied to the world, one based on a totalitarian principle, the other on an individualistic principle.

What these nationalistic tendencies lead to, is to lower the salaries of the workers and thus the living standard, throughout the world, it culminates in a situation, which kills individual enterprise, so essential in a competent technologist. Private investments in totalitarian states are not worth while and as it is only through taxation, that they manage to obtain development of their national resources, and if this revenue producing industry is killed by politics, the taxes will not

be available, thus necessarily living standards and prosperity will sink. A deadlock will ensue.

We have many of these international corporations in the chemical, iron, aluminum, tin and other industries.

Nothing is perfect in this world and divided opinions will always exist, a privilege that is perhaps about to disappear.

It will be my endeavour to reconcile in the following pages, the first steps of this new child of history, as far as it is accepted, and its growth to maturity. Louis Fischer stated that the history of the next two generations would be written in oil and taking Oswald Spengler's conception of history as a base, we may also assume, that one ^{day} it will die and people will remember it, like those famous Klondike rushes, only this time, it will have been "Black Gold". And so let us hope and we will see, how oil is going to decide the struggle, that is going on. The struggle as Bertrand Russell would say between Freedom and Organization.

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At this very moment, each seeks to dominate^{and} the other, but evolution will show us in the future, that an amalgamation of both will take place, like the father of modern philosophy Hegel, has put forward in his historical conception of thesis, antithesis and synthesis. We have not arrived yet at that happy medium, judging by the world in its present state.

M. C. J. Harrington
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Ottawa, 421 Laurier Avenue, East

February 1st, 1942.

CHAPTER II

EARLY ORIGINS AND HISTORY

Then the Shah
Assembled all the master-smiths of Rum,
Of Misr, and Pars, twelve hundred men in sum
Who made a horse, with saddle and with rider
Complete of iron, fastening the joints
With belts and rivets. Horse and man were furnished
They charged it with black nahtha and ten ran it
On wheels before the troops. At sight thereof
Likander was well pleased for, being wise,
He felt the gain thereof and bade to make
A thousand such and more; who e'er beheld
On chargers dappled, chestnut, black and gray
An Iron Host? The matter took the month
And then the workmen rested from their labours
Thus led they forth on wheels an Iron host
That all things resembled horsemen most."

This is part of a poem by Shahnama of Fero-
laksi, depicting the preparations of the Muslim con-
quest of Persia. This definitely proves to us, that the
terrors of a Blitzkrieg, are certainly not an invention,
of the Twentieth Century. We even have an indic-
tion of what the English could do in case of German invasion,
as you will see in the following pages. So petroleum
was used to rout the enemies, as today we may soon ob-
serve. We have many indications of the existence of

petroleum in the old ages, reaching even to pre-historic times. Asphalt, bitumens, naphtha, all have affinity to petroleum, all being one great family. Going through the Holy Bible we find in Genesis, Chapter VI, 14: "Make thee an ark of gopher wood; rooms shalt thou make in the ark, and shalt pitch it within and without with pitch." Further on in Chapter XI, 3: "And they said one to another, go to, let us make brick, and burn them thoroughly. And they had brick for stone, and slime had they for mortar". Finally in Chapter XIV, 10: "And the vale of Siddim was full of slime pits; and the kings of Sodom and Gomorrah fled, and fell there; and they that remained fled to the mountain." The references to slime were bitumens. So even here we find the famous "black gold" mentioned. Sarah, the wife of Abraham, was cured by bitumen, having suffered from a skin disease. Job also spoke of a rock, from which poured rivers of oil. Nehemiah used oil on the altars.

Still further back, we come to the famous Zoroastrians, who held their followers in awe with jets of fire. The sacred fires of Ormazd were nothing else, than naphtha run through pipes and ignited at certain moments in their religious ceremonies and rites.

The Chinese, long before Christ, not only knew the use of gun powder, but also had developed a high technique in oil-well drilling; drilling to depths of 3000 - 4000 feet in the Szechuan and Shansi provinces. Also they are reported to have used the natural gas for heating and lighting purposes. In Japan various references have been made to "Kusai midzu" (stinking-water) and "kazahusoku" (stinking gas wind), which are ground seepages of oil, appearing on water.

Nebuchadnezzar built a road of bricks and bitumen, he also built a palace, a moat and wall of the same materials. The famous Hanging Gardens of Babylon, were coated on each story with asphalt, to prevent humidity in the underlying apartments.

The Code of Hammurabi fixed the prices for the caulking of a boat, as well as another series of things related to asphalt. The famous "koufet" of the Euphrates are caulked with asphalt even now days.

Herodotus, one of the first famous historians, tells us of the oil pits he saw near Arderrica, which is known under the name of Babylon. Pliny describes to us, the use of oil near Agrigentum in Sicily. Plutarch mentions the existence of petroleum near Ebatana, in the neighbourhood of Kirkuk. Diodorus relates to us how as-

phalt is collected for embalming second grade mummies. The word mummy, comes from the word mum, meaning asphalt.

The famous Dead Sea, as called by the Romans " Lacus Asphaltites ", where the one of the world's most extraordinary fishermen existed, a real Ripley topic, because regularly the oil seepages used to come to the surface forming deposits, as soon as a sufficient quantity had accumulated, they would collect it and live from the sale of it. Egypt, Babylonia, Assyria, Syria, Persia, Greece and Rome fought for its possession.

Another famous and well-known device of the past has still to be mentioned, the so-called Greek fire; it was through this device that the Greeks routed the Scythian fleet with a special mixture, which consisted of Greek fire and quick lime, that then subsequently caught fire, burning the whole fleet and scattering it. The quick lime in contact with water, set fire to the naptha contained in the Greek Fire, a device which the press speaks of from time to time, as a means of defending Great Britain. Nothing new of the Twentieth Century, but as old as Methuselah. Time will tell, if it ever will be used. The Greek Fire itself was used in attacking

towns and cities and was used throughout the Middle Ages, and it was also used at the siege of Plataea in 490 B.C.

The famous flame throwers, extensively used during the last war and especially in this one for attacking enemy pillboxes, were to be found away back in the crusades.

Marco Polo reports the oil wells of Baku, towards the end of the thirteenth century. The credited St. Quirinus oil, during the Middle Ages, was nothing but petroleum. As early as 1498, oil was extracted from Pécobelroon in Lorraine. It still produces, sharing with another production center in Middle France, the only production worth mentioning of the French homeland excluding Algeria.

Raleigh in 1595, depicts to us the famous Pitch lake in Trinidad, which still produces today and has still a great reserve. Don Alvaro Alonso Barba, returning to Spain from the Americas, related how he had seen some oil wells and gave indications as to their uses.

Columbus landing in Cuba, was lead to such a similar lake and caulked his three famous ships. Any town bearing the name La Brea, in Latin America, will

always prove to have such an asphalt source in the neighbourhood, as the word means a sort of bituminous material.

The esteemed Burmah Oil was already discovered by Herman Boernaave and he called it "oleum terrae". Peter Kalm, a Russian, in 1748, found oil in Pennsylvania. Washington, the great American President, was proud to have an oil creek among his possessions.

James Young of Ayleston, Derbyshire, was the first to patent a process of oil distillation. Adolph Schreiners' invention and patent, gave us the oilburning lamp, which substantially augmented ^{the sale of} petroleum, especially kerosene.

The first successful oil company was the Seneca Oil Company, formed partly by the members of the first ill-fated company, the Pennsylvania Rock Oil Company. "Colonel" Edward Laurence Drake, started the first oil well at Oil Creek, Pennsylvania. He was prompted to do this through a, at that time popular brand of medicine, which was no other than petroleum! Employing the services of a blacksmith, he finally, after surmounting many obstacles, "struck oil", as one says in petroleum terminology. It was a "gusher". It yielded

daily only 25 barrels, very small compared to what later a Mexican well could produce. Mushroom cities sprang up, Pithole City becoming in the short space of 3 months a town of 70000 inhabitants.

Charles P. Hatch, constructed the first tank car five years later. In 1865 the first pipeline was laid by M.C. Van Spyckel from Pithole City to Miller Farm, where there was a refinery. The first oiltanker was a Belgian steamer. Nowadays 100,000 barrels steamers are a common sight on the high seas.

I end this chapter here, as the next developments are intimately related to the "Alexander of Petroleum", John D. Rockefeller, his exploits and rise to fame, to become the richest man on earth, completely eclipsing the historical Croesus.

CHAPTER III

THE STANDARD OIL COMPANY

The work of the "Alexander" of petroleum.

John D. Rockefeller, the Alexander of petroleum, born of Scottish parents was the great organizer of the Standard Oil Company, who became the richest man on earth having a daily income of \$20,000. His amazing career started, when he perceived the great future that petroleum held. He thus arrived in that rich Pennsylvania country called Oil Creek, where "Colonel" Drake had just struck oil. Very soon he realized the essence of the problem of petroleum lay in its transportation. He did not occupy himself with the acquisition of lands, his fortune was made on transportation. Although this principle was driven too far in the latter part of his life, because suddenly after the World War I, the Standard and her subsidiaries realized that they were practically cut off from the world's resources and then started that "Secret War" as Houghden writes. Everywhere oil was to be found, Shell or Anglo-Iranian had already stepped in, and they still control over 70% of the oil

reserves of the world! And in spite of the marvelous relations existing between Great Britain and the United States on account of a common danger threatening to obliterate them both, I have my doubts, a reasonable doubt about those relations after the war. As petroleum interests in these cases go beyond national interests, "Cherchez le pétrole" is a good watchword for any student of international politics. Unless an agreement has been arranged and I have my doubts, I fear a similar estrangement as that which occurred after the 1st war. But we will speak of these possibilities later on; let us turn back to post Civil War times, and to the famous South Improvement company, the company that was to be the cornerstone of the mighty Standard Oil Company. John D. Rockefeller had invested his very hard earned savings in a Cleveland refinery. His savings were made under such a great sacrifice that he practically sacrificed his youth, in a broad sense of the word, and at the age of 27 he was already outwardly older than his years warranted.

In 1870 the Standard Oil Company was founded, an Ohio Corporation with a capital of one million dollars which three years later already amounted to

\$3,500,000. Ten years after it controlled 90-95% of all oil refineries in the country! He had refineries in N.Y., Pittsburgh, Philadelphia and Cleveland. It had eliminated not less than 250 competitors. How did John D. Rockefeller manage to do that? He equally rapidly realized the enormous advantage it represented to have ready cash, it is said that he possessed and manipulated huge amounts. It is very enticing to have a roll of bank notes waved under one's nose, far more effective than to have to go through the trouble of going to a bank and obtaining a loan. Yet it would have been practically impossible to have eliminated all those 250 competitors with such methods, so there was another trick left in the hand. These were the famous shares of the Standard Oil Company. The sellers generally would accept these shares, which in later life paid dividends of 30 and 40 per cent. In 1867 Rockefeller had freed himself definitely from cumbersome bankers.

John D. Rockefeller paved the way for monopoly, although it must be taken into account, that oil is a natural monopoly "per se". Also, this is said for the partisans of other forms than monopoly, is he considered the founder of the Trust system. The Standard Oil Company became a Trust in 1882, 30 companies in one.

Consider that the once affiliated Standard companies control today about 300 companies in the world, as you will find on a accompanying chart. Another step in the securing of this monopoly was the obtaining of special railway tariffs, for the South Improvement Company. I will not describe the details and means of achieving their goal, that were employed by that company. One of which was his excellent information department, who knew all the sales of his rivals, where they bought, to whom they sold; just like a State with its secret service department. This department still exists nowadays and has become a sort of diplomatic department, where the political side of affairs is treated, such as international and national affairs. The term lobbyism can be applied here, for that is what they do the world over, as it is these sort of companies, which through their powerful government connections, have a direct and very prominent part in the policy of a nation. Furthermore the new, intelligent loadings, especially suited for those jobs, are trained here and are sent the world over, to all their branches, to acquire other principles of economy than those which were taught by Adam Smith, the father of political economy.

Back to the railroad companies and the special rates, the fact is that the railroad magnates, agreed to the proposition; the Vanderbilts, were mixed up in this too. The agreement was the following, to charge the non Standard companies a greater amount, and then to give that extra money, to the Standard Oil Company, not for them! The extras did not go to the railroad magnates but to the monopoly as, irer. I presume some valued shares found their way into the railroad magnates' hands. This coup also paved the way for the Standard Oil Company to become what it was on the eve of dissolution in 1911.

The next item was to secure the pipelines, which ran alongside the railroads; although these pipes are immovable, they are considered by law subject to transportation laws. So the United States Pipe Line Company was absorbed by the Standard Oil Company. Others were to follow. By now he controls the pipelines, the refineries, the advantageous tariffs, which used to amount to 200 and 300% more for the rivals. He managed even to possess at one time the monopoly of tank cars, the subsid^{ing} company was called the Union Tank Line City.

The Standard Oil company possesses already a capital of several hundred millions, a real state within a state, yes even over a state, with its world-wide ramifications. Consider that before the world war it had a greater capital, than the budget (or finance act) of France. Is it a wonder that, these companies can wield such an enormous influence?

1892 the Supreme Court of Ohio disrupted this huge organization and its 20 ramifications or affiliate companies. It was such a marvelous organization, however, that it continued in spite of the dissolution. A practical interpretation of what Bertrand Russel would say, the fight between Organization and Liberty.

It was about this time, that two sorts of stock were put on the market, ordinary shares and preferred ones, especially these last ones were very solicited. May 1911, the United States Supreme Court ordered the dissolution of the Standard Oil Company, applying the Sherman act, but successor to the old heritage, the Standard Oil Company of New-Jersey continued, and was to become the greatest industrial company in the States.

This company was actually founded on August the 5th 1882, 1899 it was reorganized and its capital augmented to 10 million dollars. The laws of the

State of New-Jersey are the most favorable in the States for such a company. In 1911 its capital had increased to 20,000,000 dollars, in 1913 assets were valued at over 1,190,000,000. and finally now (1940) it has a capital of 1,000,000,000 dollars. Its assets in that year were 200,000,000 dollars only to be added by the Pennsylvania Railroad and the American Telegraph and Telephone Company. In 1924 it paid 150,000,000 in dividends, just to give an idea of what these companies pay on their shares. Furthermore in 1919 the Standard Oil Company of New-Jersey controlled 13.5% of the crude and produced 60% of the gasoline. In 1940 it controlled 10% of the world oil production, 14% of the world's refinery production and 11.5% of the world's oil tanker fleet around 1,000,000 tons. It holds and possesses now at least 36,000,000 acres and 570,000,000 barrel reserves.

It has 6 presidents who earn each 100,000 a year and Walter Teagle with \$15,000 a year. It has 114,856 employees, 45,453 of which are employed in the States. It controls steamship lines, possesses retail filling stations and chemical laboratories, has all the afore mentioned parts of the whole production line of petroleum. It has incised the German patent for producing synthetic rubber! It controls U.S. Steel

and the National City Bank of New-York, as well as the Chase Bank, which merging with the Equitable Trust, became the greatest banking institution that ever existed, the victory of industrial finance, over pure finance represented by J.P. Morgan, when F.D. Roosevelt climbed to power. On March 4, 1935 just after Roosevelt became president, Aldrich, President of the Chase Bank, stated that finance had had its day and had brought ruin. Industry was to take its place. They found a preacher for this new order in Father Coughlin. At that time we remember the currency inflation. Certain groups were against the gold standard. Why? Oil was behind the scenes; it can exclusively be explained internationally. The profits abroad derived through the international sales made by the Standard would represent more money in the States for the interested companies if there were no gold standard. The great powerful arm is Henri Deterding had was that the gold standard had been abolished in England. Remember how he tried to get Holland off the gold standard. He himself pronounced the famous words "Gold be damned". Not that he wanted to get rid of his fortune but that, more was to be had without the gold standard!

Although it has nothing to do with petroleum, just to show how these mammoth corporations extend themselves, in the same year of 1899 ^{the} Standard Oil Company and the National City Bank bought the 75,000,000 Amalgamated Copper Company, thus venturing into the copper field, another important factor in the raw materials field, although they later sold it to Anaconda, who practically controls all the copper in the world! But what combinations or relations might exist between this company and the great interests of the Standard Oil Company?

This incidentally confirms that the vital resources of absolute necessity for a nation to survive, are the majority of them, in the hands of a few, be it either family, monopoly, or cartel; I refer to the chemical the world over, iron and other raw material.

Coming back to the Standard Oil Company of New-Jersey it controls production in the United States, Canada, Mexico, Bolivia, Venezuela, Trinidad, Colombia, Peru and Russia; It actually possesses the greatest oil tanker fleet, has refining production in Trinidad, Rumania, Dutch East-and West Indies, Argentine, Germany and Italy, as well as the already above mentioned countries of production,

It furthermore occupies important positions in the trade of: Great Britain, France, Poland, Netherlands, Denmark, Sweden, Norway, Central and South Europe, and South and Central America, as well as the Antilles. Avenging itself on the Shell invasion in the United States it invaded the mother country of the Shell and controls, through the Nederlandsche Petroleum Maatschappij, 25% of the total production! of which we shall see further on!

THE "UNITED" COMPANIES OF THE "NAPOLEON" OF PETROLEUM

In 1890 a certain doctor Rinter, a Dutchman, founded in Holland the "Koninklijke Maatschappij tot Exploitatie van Petroleumbronnen in Nederlandsch-Indie". A gigantic name that was to become a gigantic corporation and the chief rival of the fabulous Standard Oil Company. He had obtained the concession from the Emir of Lagkat on the isle of Sumatra. His famous engineer was Kessler, who was Deterdings chief or boss. Soon after it had to bear the brunt of a price war from her American rival, in 1893, from which it emerged victoriously a year later, paying a dividend of 8% and the next year one of 44%! In 1900 Kessler died recommending Deterding to the board of directors, who elected him and trusted their destinies to him. The Napoleon was on his way up! Transportation had saved the "Royal Dutch Shell". Henri's future policy was then to preoccupy himself primarily with production. Consumption could always be readily found!

The Chinese market had been invaded, which originally constituted a Standard monopoly. Standard Oil Company had spent millions in acquiring it! It still represents a \$58,190,000 income for them. There is a rather romantic story attached to this, at the same time it constituted one of the first attempts on the international market of petroleum!

Rockefeller reckoned he could make those hundreds of millions of Chinese faithful consumers of his products. But how was he to convince the Chinese of buying, what then constituted the mainstay of the time, kerosene for the lamps. From this came the well-known phrase, Oil for the lamps of China. All that is needed to complete the story is to place the word "Standard" before oil!

The masterpiece of propaganda of all times was thought out, certain districts were inundated with pamphlets and posters, shortly after a distinguished grey-bearded Chinese would appear in the village and he would speak of general altruistic principles, especially emphasizing the four words on the poster: "Happiness, long life, prosperity and peace", all universal wishes. But what did this have to do with the Standard Oil Company? The next item was to paste a new poster: "To achieve the aforementioned, man must have light. The way of happiness lies in light. In the world of light there is no grief; every father wants his children instructed, so he needs light! What a step forward in civilization! The sellers even became the "Lampmen of Asia"! This is the story of the Mei-Foo Lamp! Then into this paradise Shell had to step in, the hungry tentacles of competition!

Next came the marvelous invention of the

automobile and the new market possibilities in Europe. The rival is again on the spot. Huge stocks are accumulated in Amsterdam. Other opponents were the Shell Co., and the Brinto. Seeing the useless consequence of their rivalry, they get together and arrange to sell their petroleum to the Asiatic Petroleum Company in London; this was later extended to the Dutch East Indies, the mother country of the Royal ^{Dutch} Shell Company. Already the company's capital had increased to 1000000 pounds and paid dividends up to 73%.

The Shell Trading Company, as originally a company dedicated to the trading of shells. On their return trips, the ships always were empty. ^{Lord Bearsted} He figured that the cellular bottoms of ships could be utilized for storing oil and thus transport it. Marcus Samuel, born in the Ghetto of Whitechapel, who later became Lord Bearsted, conceived the brilliant idea of transporting oil on those trips; This became so profitable that it became after a short time an exclusive oil company. He concentrated right from the beginning on the only thing with which it was possible to 'beat' the Standard, that is to say on the transportation of the petroleum. In 1907 he merged with Deterding, after realizing the futility of the hopeless

price war.

The modern Castor and Pollux being created, Royal Dutch Shell could set down to conquering the world's oil reserves. A baby was born, it being the Bataafsche Petroleum Maatschappij. Shell would primarily occupy itself with the transportation, storage and distribution, and the Royal Dutch Shell with production.

They subsequently acquire Grosny and Astra Romana, Egyptian Oilfields Ltd., Società Italiana d'Importazioni d'Olio, invaded the enemy's territory especially after World War I, acquiring oil lands in Oklahoma, where it acquired the Roxana Corporation, then later on they establish the Shell Co. of California, buy the Panama Storage Company, the Amoset Hill Company, the Dundee Petroleum, and the Venezuelan Oil Concessions. Later on they also founded La Corona, Tampico Panuco Petroleum, Chioles Oil, and Tampico Panuco Walley Railway's in Mexico. Also in Curaçao they created the Curaçaosche Petroleum. And finally in 1919 to 1920 the Union Oil Co. of Delaware and the Union Oil Co. of California, but in this last one, Americans were able to retain 74% of the controlling shares. They make a pact with the Deutsche Bank and form the Türkisch Petroleum Co., which is to exploit Mesopotamia, Mosul and

Bagdad. In 1914 Royal Dutch Shell produces 5,000,000 tons of petroleum. In 1918 the profits amounted to \$72,000,000, Shell \$3,000,000, Bataafsche \$30,000,000 and Anglo-Saxon \$660,000. In 1931 its capital was 1,202,000,000 florins and 48,674,000 pounds. Alone in the States Shell Union Oil has assets to the amount of \$439,000,000. It bought from Lord Cowdray the Mexican Eagle for \$1,000,000,000.

It has a greater output even than the Standard Oil Company. It controls some 150 subsidiaries in 62 countries, a chart of which I attach. It, furthermore, has a 25% interest in the Deutsche Gasolin A.G. (Standard or DAPAG has another 25%) and a 50% interest in the Universal Oil Products Company, this one also being split with Standard Oil Company. It possesses a fleet of 2,211,527 tons, nearly the entire British fleet of tankers. This gives us a rough idea of what this company represents and an idea of what power it can wield.

During the last war, a whole toluol plant, taking too much time to construct, was completely transported to Great Britain, ^{from Holland} before Germany knew anything. Toluol, an important sub-product in the petroleum distillation, is used in T.N.T. production.

OLD KEROSENE TIMES

Having analysed and given a brief summary of the two principal oil companies, which were later to become bitter rivals, we will go back to the "old" kerosene times, so-called because at that time petroleum was principally used for lighting purposes.

In 1882, in London an energetic young man, the "Oil-maniac", who later became Lord Fischer and First Lord of the Admiralty, had an obsession; he fought and did everything possible to have the Great Fleet changed from coal-to petroleum-combustion. The reasons were the following:

- I A ton of fuel-oil has a greater thermic heat than a corresponding ton of coal, on which the Navy was fed--1 kg. of coal generates 7000 kg. cal., whereas a kg. of petroleum gives 10,000 kg. cal.
- II This meant more power, increased speed and range for the Great Fleet. It later made possible the construction of the Queen Elizabeth type. The first proof of its advantages were shown in the Russo-Japanese War. It added 50% to the value of the fleet.

III The Great Fleet could be replenished or refueled in modern terms, on the high seas and not in the harbours, as it was necessary to do prior to that change. It is also quicker, it takes less time, as it is a liquid, and it is cleaner with less work. The importance of the coal stations diminished considerably, we remember some of them: Gibraltar, Cape Town, Falkland Islands and many other coal stations.

Also, I do not fail to take into account the critics of this change, they alleged it weakened the Empire for England had great quantities of coal and not of fuel oil. This proves the utter necessity Great Britain had of starting acquiring, all over the world, the precious oil deposits, and a pretty fine job she has made of it, controlling nearly 70% of the world's reserves, which once again shows us the marvelous flexibility with which the British policy is endowed.

Perseverance got the later Lord Fisher, what he had dreamed of. Whereas Bismarck had preconised that a war is only won at the expense of Iron and Blood, Lord Fisher proclaimed it to be Blood and Oil. And this Blood and Oil is going to win this War World II.

The British Admiralty needs 9,100,000 tons of fuel-oil. A greater quantity than this is indispensable for the operations of the Great Fleet. A stock of 18,000,000 tons at least is necessary. During the last war the Great Fleet was actually laid up for a week for lack of fuel. Fortunately the Germans did not get wind of it. Its consequences would have been disastrous.

The miracle of the Marne for instance, was only possible due to one fact, the Germans had not counted on it and the famous Gallieni resorted to it; motored transportation. Only possible through a substantial stock of gasoline, the first major victory in a new changing world, was due to petroleum. Late in 1916, the first tank was experimented on, and in the offensive on the Somme 1917, they showed what they were worth; another step forward, due to the new combustion.

In 1918 a fleet of 92000 lorries or trucks stemmed the tide of the German offensive which nearly took Paris, like it did finally in May 1940, by closing the gaps with fresh soldiers. The Germans on the other hand lost the World War I due to lack of gasoline. They already were using benzole in their planes and submarines, which was very detrimental to them, for it cut the speed and engine response of the machines, both essential factors. The

Germans failed due to lack of transportation and because they had to divert an appreciable quantity of soldiers on the Eastern front to guard the oilfields in Rumania. So they lost, 50,000 tons of gasoline had saved the Allies, an amount that nowadays is ridiculous. Standard Oil tankers had arrived 6 months before the Germans had taken the Russian oilfields.

Famous Verdun was able to resist so long to the Germans, solely due to the fleet of fast trucks which brought up the necessary reinforcements and of course by the order that every man would be shot, who retreated.

Lord Curzon speaking at a Victory banquet after the war, stated: " that the Allies had floated to victory on a wave of oil ".

How grave the situation was in France with regard to its petroleum supplies, can be seen in the telegram "The Tiger" Clémenceau sent to the president of the United States, Wilson: " a drop of oil is as important as a drop of blood ". The German submarine warfare had been mainly directed against tankers the same as they are trying to do in this war. The importance of the tankers can be seen, in the fact, that they are always in the middle of a convoy.

The minimum stock of petrol at that time was 44,000 tons, and the monthly consumption was rated at 35,000 tons. They had alarmingly dropped to 28,000 tons, when the famous telegram was sent, but the Standard Oil tankers, after pleas by Wilson, soon brought it up to 1,800,000 tons. The United States furnished over 80% of the Allied requirements of petroleum products, as Lord Curzon stated.

The occupation of Galicia, Rumania and the desert campaigns, during the last war, were all directed at obtaining petroleum, of utmost necessity to the warring nations. The peace of Brest-Litovsk was called in Germany the "Brot und Petrol Friede", the Bread and Petrol peace.

In the following pages I will come to some of the preceding references. It is inevitable having to jump about in this petroleum history, as so many authors have done, because so many things happen at the same time all over the world. Before I come to speak of the actual struggle of the Great Two, I will give a review of Germany, who aspired to become number Four, after the Anglo-Iranian Oil Company. Of course as the Standard Oil started expanding itself, it tried to secure the German market and Shell battled it all the way along. Germany fell because the Standard Oil tanker-fleet had brought the supplies up in time, but it also helped Germany get on her feet again. Back in the

early nineteen hundreds, Royal Dutch Shell was so clever as to ally herself with the Deutsche Bank and the Disconto Gesellschaft, the two leading Banks in Germany at that time. For those, who have been students of Political Science, they will remember that there is a parallel between Germany and the United States, as toward the birth of those enormous cartels, trusts, Konzerne, Rings, Pools and Holdinggesellschaften, all mammoth companies trying to cover the whole production field, just like Hugo Stinnes aimed to do. Such an installation is this Deutsche Bank, which controls the most varied forms of industrial life in Germany. It was this same bank that absorbed the popular coöperative credit banks of the Rhineland districts. It still, just the same, represented a case of pure finance and not industrial finance, like Rockefeller in the United States of America.

In Germany of course they could not wield sufficient power to absorb the Standard Oil Company, which was far too powerful, with the Rockefeller backing. Its subsidiary in Germany was called the Deutsch-Amerikanisches-Petroleum Aktien Gesellschaft (D.A.P.A.G.).

So the Deutsche Bank set out to conquer the Roumanian market, at which the Royal Dutch Shell was also having a fling. The latter one together with the A.I.O.C. acquired the Astra Romana and the Steaua Romana, nowadays

the first and third most important oil companies of Roumania. Standard interests have the second biggest the Astra Americana. So again the Balkans became the center of international rivalries and intrigues. In Bremen the Europäische Petroleum Union sieged and out of its sessions the Deutsche Petroleum Verein Galiziens (D.P.V.G.) was born, which took over the Galician Society Schodnika and David Panto took the Galician Carpathes over, establishing the Steau Romana in Roumania, this company company after World War I became 75% British and 25% French Also the Deutsche Erdöl Aktien Gesellschaft (D.E.A.G.) came to life in those meetings. This company was to control the Vega, Concordia, and Credit Petrolifer Konzern in Roumania.

The same Deutsche Bank acquired a great amount of Nobel oil shares and finally controlled the Akverdoff Company in Grosny. Hugo Stinnes of course was also at hand, [a]ready controlling so many phases of industrial life, he diverted his attention to petroleum and was mixed up in the development of Argentinas oil reserves.

Last not least, we must not forget that the famous Berlin-Baghdad policy came up before the war; it was not a railway construction job exclusively, but mainly, they were after the 20 km strip on either side of the railway, where they were to be allowed to exploit all the mineral re-

sources they wished and of course the end of the line lay in the Mosul region, where one of the earths most important reserves of petroleum are to be found. I sometimes wonder why the line is so crooked? It was not until quite recently that the line has been finished, in July 17, 1940 the last link was put into service. The same goes for the so great interest, the Germans display for the Cameroun, it's simply that some oil deposits have been encountered and this was what they relished. Germany had hoped to become the number Four of the mighty oil companies of the world, and was through that, the first attempt to wrest the world leadership from the anglo-saxon economic hegemony. But the Royal Dutch Shell secured a marvelous coup in getting the Deutsche Bank as her ally against the D.A.P.A.G., as well as in the Balkans as in the home market. The end of the story was that the Royal Dutch Shell remained with the Roumanian oilfields. This company was mainly represented in Roumania, by a Dutch subsidiary of the Dutch side of the company, which controls primarily the production side, the Geconsolideerde Hollandische Petroleum Maatschappij, which also had interests in Grosny. This finishes all that is to be said about the Germans before the World War I.

In the post war time, we have first a Russian invasion of oil products over Europe, in Germany the DEROP is formed and offers quite serious competition to the D.A.P.A.G

This company on the other hand acquires a greater sphere of action, for the German tanker affair in Brussels had created a favourable impression in Germany. It saved 26 tankers from going to the British. And last not least, we have the remarkable new industry, born through necessity, which produces gasoline from coal, according to the invention of Professor Bergius, to whom Germany is indebted for having found means of continuing the last war. Another new process was worked out and named after its finders Fischer Tropsch. This system was taken up by the coal industry in the Rhineland district. This patent was bought by the Royal Dutch Shell and jointly with the Anglo-American (a subsidiary of the Standard Oil Company of New Jersey) they built at the cost of 2,500,000 pounds at Billingham, England, in 1935 a plant with 150,000 tons production. At the same time the most important coal firm in Great Britain, Powell,Duffryn, Ltd., spent 1,000,000 pounds for a liquefaction plant in South Wales (Bristol),; the German Airforce has attacked this plant repeatedly. In Australia, in Victoria a similar plant was opened. Working on the Fischer-Tropsch patent, the Torbanite Mining and Refining Company in South Africa established a similar plant. Japan was also another country that acquired the rights to the patents.

The I.G. Farbenindustrie acquired the patents of

Dr. Bergius, in spite of stiff opposition from the Royal Dutch Shell and the A.I.C.C., 1926 after years of experimenting, it opened the famous Leuna works in Merseburg, slowly but surely it went on progressing, until in 1935 its production was 1000 tons daily. New plants have been added and today's total production is about 8,000,000 bbl., including the new plant at Stettin, which produces about 2,000,000 tons or even 3,000,000 in 1943.

The plant of Merseburg deserves a description. It employs 11,000 men and has an extension of 5 miles. Its furnaces are 54 feet high and it extracts daily 154,000,000 gallons of water from a nearby river, mammoth dredges take the upper crust of the earth away and still others take the brown coal, from where it wanders to deposits of coal. Hence it passes into a building 90 feet high and little over a mile long; this is the greatest furnace in the world, capable of producing 12,000,000 cubic meters of gas in 24 hours. The enormous amount of water is used, for the hydrating process, to form gasoline and oils from coal. In this process coal is pulverised and after the dust has been transported by means of the endless band, it is saturated with oil and a catalyzer makes a paste of the whole. This mass is then treated, heated and mixed at the rate of 15 tons an hour and under pressure of 200 atmosphere; then it is pressed into towers made of

14 cm plate steel, each weighing about 100,000 kg each. Into these same furnaces, hydrogen is then introduced, obtained by the Winkler generators, through the treatment of coke and vapour. Through catalysation the desintegration is brought to a head, a molecule of coal getting together with the hydrogen one. Intermediate petrol is produced at 200 atmospheres and at a temperature of more than 500°. Since 1935 similar plants have been constructed in Gelsenkirchen and Böhlin near Leipzig, these being all targets of the R.A.F. raids over Germany. Of course the above brief description does not give a detailed account of the entire process, but it at least shows what quantities are employed, as well as the pressures which are needed.

Be it said that Drs. Pott and Brosche of the Hugo Stinnes mines have invented a new method of extracture by pressure. All the German coal industries are reunited in a sort of pool for the production of gasoline by this pressure method, the so called Steinkohlenbenzin A.G., a 250 million mark company.

To finish this chapter, be it stated that the Standard Oil Company acquired from the I.G. Farbenindustrie these patents for production in the United States of America. First the Standard Oil Company of California working on the Bergius principle, opened a plant in San Francisco. Standard Oil Company of New Jersey opened production

at its three B's: Bayway, Baton Rouge and Baytown, Gulf Oil Company, similarly in Pennsylvania opened another plant.

Through the same channel the Standard interests obtained the patents for the production of synthetic rubber or BUNA, which has a double resistance in comparison to natural rubber, but that costs the treble the amount. Since crude oil is also a source of alcohol, glycerine, resins, and other substance; they can be used for the manufacture of synthetic rubber, since they form its fundamentals.

THE HOLY FIRES OF ORMUZ & THE A.I.O.C.

William Knox d'Arcy, born in Devon, but an Australian millionaire, who found in Australia a famous gold mountain, Mount Morgan, had been attracted in his studies by the famous Holy Fires of Ormuz, which had been used by the Zoroastrans, the fathers of Jewish and Christian religions. He rightly guessed, that an extension of the Caucasian oil deposits had to be found somewhere in Persia. He wandered and explored the deserts with a remarkable faith and zeal and finally one day he found, what he so aspired to.

Finally he obtained a concession paying \$25,000 plus a royalty of 16% on the production for 60 years, covering some 500,000 miles of territory, about 5/6 of the whole territory. The Trust Exploitation Company was formed, but Knox had a lot of trouble with the local Khans, which proves that a United Persia and a united geography are two different things, for the oil bearing country was only nominally under the rule of the Shah. Concessions were made to these local Khans (3%) and from there on they were as faithful as dogs, guarding the wells day and night, keeping curious people away. Later on this same concession passed

to the Burmah Oil Company.

Knox d'Arcy, old and very religious, wanted to retire and he left for Cairo. From there on strange things happened; millions were offered him for the concession, but all to no avail. His apartment in Cairo was rifled too, but all to no avail, nothing is found. Then again an offer of 6 million pounds was turned down by him. Finally the situation becoming too exciting for the old man, he decides to leave for New York. On board he meets a missionary fanatic in his beliefs, the two chum together, never parting from each other. Two days before the arrival in New York, d'Arcy places his entire concession at the service of the church and especially of humanity. The missionary blesses him, and the documents are forwarded to the? Scotland Yard! A Jew, Sidney Reilly, ace agent who's real name is Rosenberg or Rosenbloom, had rendered the Empire a great service. The Home Fleet's sources for petroleum were guaranteed and established.

Another example of these behind the scene work was the importation of pipelines from Germany, through Holland, during the last war.

To whom went the famous d'Arcy concession in London? This concession became the basis of a new company formed by the British government the Anglo Persian Oil

Company, which later became the Anglo Iranian. Here is a brief summary of this "private" state company: on April 4, 1909 it was formed with a capital of 2,000,000 pounds. Nowadays it has a capital of 16,500,000 pounds of which 13,425,000 are in hands of the British government, which were bought at the instigation of Winston Churchill, in 1914, the spiritual founder of the same company and follower of Lord Fisher, the "Oil-maniac", for the British Admiralty was quite alarmed, when trying to change over to petroleum, to find that the Standard Oil at that time controlled 30,000,000 bbl. of the world's total of 35,000,000 bbl produced. The A.I.O.C. principal customers are:

Great Britain	35%
India & Aden	14%
Union S.Africa	11%

It had furthermore business connections with Egypt, Italy, Ceylon, Malaya and Australia. It had intimate relations with the Royal Dutch Shell, as it did not have to sell all her production to the Great Fleet. So it shared a coöperative sales policy together with the Royal Dutch Shell.

The A.I.O.C. controls about 150 companies in Mexico, Germany, Bulgaria, Africa, Palestine, Norway, Venezuela and Trinidad, as well as in Burma, the famous Burmah

Oil Company, which controls the famous Jenang-Yaung river region, which includes the Sehan and Languva petroleum regions. The Royal Dutch Shell acquired a 1/3 interest in this company, when the Vacuum made an oil invasion of India. That same Jenang-Yaung territory is studded with 200,000 derricks, the oldest methods of recuperating the oil are still in vogue, yet some 250,000,000 gallons are produced annually. Incidentally it is one of the few spaces left on the earth, where petroleum is still largely in hands of individuals.

But back to the notorious concession, Anglo Persian needed the ratification by the Parliament, the Majlis, according to the Constitution. Meanwhile Russian spies infested the country and especially one, Linhorn, was offering much trouble; extensive sabotaging went on in Persia to destroy the A.I.O.C. installations, a Russian speciality. Timour Tache, Great Britains friend dies mysteriously after having being dismissed. In May 1920 the Russians landed at Enzeli, Persian port on the Caspian Sea and advanced to Risch, installing there a puppet government. In February 21, 1921, Teheran was taken by the future Shah, Raza Khan. Some days later on the 26th, the A.I.O.C. concession was annulled and the drilling rights retired and a Russian signed instead.

Somehow pressure was applied by British circles and the affair blew over, but ever since the Shah has held a deep hatred for the British, and many incidents have kept this zone always in the political limelight. Just recently he resigned in favour of his son and he left in exile.

In June 1904, some Americans were trying to obtain a concession, it was a sort of a dog fight, in which the th[ri]d one walks away with the bone, Sinclair, the most orlike apparition on the oil field, was the principal one trying to obtain a concession, at that same time, he had offered the Russians a 115,000,000 loan, in exchange for important oil field leases, it only needed approbation by the United States government, but this meant on the other hand recognition, which complicated matters. Unfortunately an American Vice-consul, Major Robert Imbrie, who was trying to obtain valuable information for Sinclair, went one afternoon, into a square to take some pictures, a mob assembled and he was mauled to death. His son: one should not take pictures of sacred religious objects! A.I.O.C. interests had prerogatives, the fuel of the Navy was at a stake and no chance could be taken, especially with regard to those petroleum relations. Even is Dr. A. C. Willepaugh, the oil expert of the State Department in

Washington, had become financial () adviser to the Persian government. The publicizing of the Teapot Dome scandal, by hints of the Standard Oil group, finished and set an end to all the plans of Sinclair. Furthermore as he had done some lobbying in Teheran, which, due to British influence, was also used to deny him a concession. But later another American company, the Amerinanian Oil Company, a subsidiary of the Standard Oil interests, obtained a concession in north eastern Persia, in 1907-38.

We come now to the famous Khochtaria concession in north western Iran. This concession was on the Russian border and had been bought for 325,000 pounds in 1916. Akakius Mefodievitch Khochtaria sold it in 1920 to the A.I.O.C. But international complications arose, on account of his nationality, he was a Georgian born, which Russia had retaken. The contract had to be renewed, for the two countries had signed an agreement that no concession of that part of the country could be sold to foreigners, for that country geographically forms part of the Russian Soviet Republics. The Shah, still fostering his deep hatred for the British, although he received his money from them, sells the concession to the Standard Oil Company. It is easy to see the relations of all this to the Teapot

Dome scandal. Looking at it from an American standpoint of view, we see how at least American companies entrenched themselves in this "British" territory. The anglo-american oil war is on, and it definitely is a victory for the Northern colossus. Peace eventually returned again, but already in 1930 Persia accused the A.I.O.C of presenting false balances, of retarding production, thus cutting the Shahs income, added to this was the pound depreciation; it then nationalised her oilfields. Abaddon, the position was occupied by a British Warfleet, the position of the Shah was insecure. The dispute was put before the League, who in 1932, gave the Shah a 20% royalty fee on the crude production and 9 pence on every ton produced. The further developments of Iran are analysed in the last chapter, World War II.

IRAQ & COLONEL LAWRENCE.-

Iran and Iraq possess the same historical background, only its d'Arcy is a real clergyman by the name of Harwood. The same intriguing background is also to be found here, so we went delve into details.

The birth of Iraq, was principally under British influence, whereas Syria's was through France. Great Britain spent more than 100,000,000 pounds in that area, before it became independent, no wonder that she is so energetic, about anything related to it nowadays.

The root of all the subsequent complications goes back to the famous Berlin-Baghdad railway. Great Britain had promised Syria, which in the 1916 treaty was intended for the French, to Hussein, chief of the Arab revolt, who then accordingly started their harassing campaign against the Turks. One of the principal negotiators was Sir Arthur MacMahon, who arranged the "economic" basis of the whole affair, incidentally he was a director in the Royal Dutch Shell. Of course the romantic story of Lawrence, was the moving stone in this great venture. It was also he who convinced Miss Gertrude Bell, the only woman able to speak and write Arabian correctly, as well as many other dialects,

to do active service for Great Britain. Superfluous to say, that she rendered invaluable services for her country. Sheiks marveled at the way she could speak to them all in their own personal dialect.

Hussein had four sons, the principal ones being Feyçal and Abdullah. In 1918 Feyçal entered Syria. After the occupation of the Rhine, came the well-known Cadman-Berthelot agreement in which Syria and 25% interest in the Turkish Petroleum Company went to France, as well as a 15% interest in the Steaua Romana in Roumania, these having belonged to Germany prior to the war, by the Deutsche Bank. There was considerable friction before the signing of the agreement, we remember the risings instigated by Great Britains among the Druses in Lebanon and how General Gouraud had driven them out, as well as Feyçal. Shortly this same one became the head of the new British protectorate and his brother Abdullah became the chief of Transjordan. This whole affair was saved by the British, by pulling out their last trumpcard; concessions to the French on the Rhine.

So we observe the policy Great Britain followed in the Near East. Some sincere criticism can be directed towards it, because the real important men in this whole affair was Abdul Asiz III, Ibn Saud, the future King of

Saudi Arabia, who in 1917 founded the Sultanat of Nedjed. This able leader was slowly building up a vast congregation of Arabian nations. It was the work of another man, also of the same caliber as Colonel Lawrence, but not so publicized, who brought about a meeting between this leader and Feyzol. His name was Philby. A petroleum conference was held in Chatt-el Arab on board a cable layer brilliantly decorated for the occasion and all differences were smoothed out.

The Turkish Petroleum Company was reorganised and in 1927 it became the Iraq Petroleum Company (I.P.C.). It is the most important company in Iraq. There is another company besides, the Mosul Oilfields Limited, in which the Swedish, German, Dutch, Italian, French and British have interests.

Here in this same region, a new production center has developed: the Bahrein Islands, of which I will give a brief summary. The concession not only covers the Islands but also the mainland facing the same. It's production started only just recently and it has up till the end of 1939 added 29,875,603 bbl. to the worlds supply of oil.

Oil was found for the first time in 1932. Slowly it is becoming one of the worlds most important sources of

of petroleum. The Arabian Standard Oil Company started commercial production at Damman Dome, locally called Dharan, 4 miles inland, of Bahrein Island. The Kuwait Oil Company, a joint enterprise of Gulf Oil Company and Anglo Iranian Oil Company has also a part in the enterprise. Of 67 wells drilled only 2 were failures: a remarkable record. In 1958 it had a production of 8,197,938 bbl.. The recoverable crude is estimated at 150,000,000 bbl. and in the Dharan area even a 300,000,000 bbl. reserve is believed to exist. A pipeline has to go far out to sea, as the water is too shallow there.

Bahrein is a proof of what a company can do for its employees. Airconditioned homes, on account of the suffocating heat, a tennis court, a golf course, a water distilling and ice factory have been established, including a hospital and laundry.

In October 1955 a conference was held, California Standard Oil Company pooled its interests with the Texas Oil Company and the Caltex was formed and earned a \$8,000,000 profit in 1958.

A mystery in this case constitutes the fact that, that region should be in American hands, for those who know the Empire policy, as we will see later. For it was

Major Holmes, an Englishman, who was the first to discover the oil, by ground seepages. Then logically the Anglo Iranian Oil Company should have taken it over, as she has in the neighbouring Kuwait, making it a reserve for future needs. I suppose this was the result of a new oil peace and United States having relinquished her rights in Persia, for a cooperation with Great Britain in Central America, including Mexico, was conceded Bahrein. May we sincerely hope that this oil peace may last! To show that these oil companies do not only concentrate on petroleum, but also on other raw materials, a concession has been granted to an American oil company in Irak for exploiting sulphur deposits in Kuwait.

We will end this Near East survey with Egypt, Kuwait and other minor oilfields. The Bahrein Oil Company obtained in 1903, a concession in Saudi Arabia and important oilfields have been discovered at Damman in 1936, 3000 tons were produced, but in 1939 it had increased to 5.000.000 tons. A new company the Kuwait Oil Company, a joint Anglo-American enterprise, operates in the same region of which the company bears the name. Finally in Egypt production has jumped from 200.000 tons in 1931 to over 660.000 tons in 1940 by the discovery of a new field, the Ras Gharib. Thus the Middle East district produces 6% of the worlds total output.

NEAR EAST OIL "WASP-NESTS"

The Royal Dutch Shell and the Standard Oil interests were fighting a battle to the death, the Greco-Turkish war was raging, Ireland and India were the main trouble nests of the Empire, France's disastrous policy towards Germany was being formed, thus endangering Europe, by throwing Germany into Russia's arms. Lloyd George and his economic congress was a complete failure and Genoa was to become his political funeral. Great Britain being political^{ly} opposed to the Turkish nationalists, France her faithful ally, bit by bit became estranged from her and instigated Turkey to take the Mosul region back, because as she had been gypped out of this affair, she hoped to acquire the concession for herself. Here also, the action of the Standard Oil interests is to be seen. Its interests were greater, far greater than can be suspected, and it also revolved about the Mosul question. The Russian Neft sold Turkey 45% of her requirements and Standard as much as 50%. Later it became the cause of the Greco-Turkish war, the first real oil-war. Although we see and analyze these developments of that big battle between the two companies, we must not forget that the first developments were being fought out in America at that same time. This constitutes the second part of my thesis.

We will now consider Turkey and her political tendencies since the early Berlin-Baghdad policy and the Young Turk movement. This area has the earth's most colourful, varied and complicated history. When oil came into the political limelight, it became a cauldron of international politics. The old pre-war Turkish Empire extended from the Balkans to Persia, including the now independent Iraq.

Turkey was considered 'l'homme malade' by the Russians and constituted their enemy, as they sought an outlet to the Mediterranean. In 1908, Great Britain failed to become interested in the new Young Turk movement, which then turned its attentions towards Germany, on the contrary the British were interested in Venizelos and his Hellenic cause in Asia Minor and they feared the Pan-Islamic movement, as preached by the Young Turks, which could mean the disintegration of the British Empire, as well as the French one. Of course the Germans continued working along their new policy, the famous Berlin-Baghdad line, with two ramifications one at Mosul and the other one at Yunustalik, a Mediterranean port. Thus slowly a 'rapprochement' took place. This materialised through the visit of the late Kaiser to Constantinople, he taking a personal interest in the affair,

and especially in the 20 km concession on both sides of the railway, which would pass through the rich Mosul country and through copper bearing country. In relation to this, facts like: that Cairo is nearer to Berlin than London

"	Teheran	"	"	"	"	Bombay
"	Mossul	"	"	"	"	London

should be constantly kept in mind, they are quite important.

It is here that the "Talleyrand" of oil, made his appearance, Calouste Sarkis Gulbenkian, of Armenian origin, who made his fortune with Caucasian oil, had founded in London a very inconspicuous company named Participation & Investments, Ltd. and together with Sir Ernest Cassel, of German origin, both belonging to that international class of men, cosmopolitans, with no chauvinistic tendencies in them, whose country is the world. Thus in 1912 African & Eastern Concessions, Ltd. was born, later to become the Türkische Petroleum Gesellschaft, with a 25% interest held by the Deutsche Bank, 50% went to the National Bank of Turkey and another 25% to the Anglo-Saxon Oil Company, a subsidiary of the Royal Dutch Shell. The Germans fully believed the line about the National Bank set-up, for this one was exclusively in British hands, the A.I.O.C. All this happened

right on the eve of World War I. The Royal Dutch Shell was already seeking to drive out the Americans, which through Admiral Colby Chester sought an important concession in that area. In that year international relations seemed very bright and stable, especially after the Algeciras "affaire." World War I started quite unexpectedly and at that by a small spark in the Balkans. Turkey putting herself on the side of the Entente, manned the defense posts of her weak Empire. The Russians attacked on all fronts, invading Persia and Turkey. The English on the other hand, opened two fronts one on the Persian Gulf, driving towards Baghdad and the other one in Palestine, where Lawrence distinguished himself so.

During the war the military standpoint of which we will not discuss, Turkey started retiring men from her Palestine front and others in spite of Liman von Sanders protests to the German High Command, but the latter knew of the higher stakes, which were more valuable than the other issues, for they were being sent to the Caucasus. In these campaigns Turkey lost more men conquering the oil region, than in any other Ottoman campaign of the war. All for the sake of oil.

On the other hand, during the Greco-Turkish war, a general panic ensued after the military disaster of Afuin Karahissar, in which the Greeks were defeated and they lost that, for which their ancestors had been striving for over 3000 years, that of Colonizing Asia Minor, when they lost Smyrna. A general European war did not ensue, due to the firmness of a British general Harington, who saved the situation, showing a calm but resolute face to the Turks, who were expanding. Finally in November 1922 Turkey became a republic.

POST WAR CHAOS AND OIL INTERESTS

To bring a bit of order into this quagmire of history, I will cite the different conferences, which succeeded one another and their particular references to these oil interests.

The San Remo Convention was held from April 19 - 26, 1920. In this conference France was debarred from the Mosul region. France was offered a 25% interest in the Mosul oil deal, as well as a part in the German interests in Rumania, but Royal Dutch Shell, only sought through this move to obtain a monopoly in France. Great Britain had broken the Sykes-Picot agreement of 1916, which was signed on account of the French being alarmed about the Arab revolt and Lawrence. The Sykes-Picot agreement gave Syria and Mosul to France. It was signed at that time by Great Britain, because she followed a strict policy in Minor Asia, which can be reduced, to the following points:

I Assure its trusts preponderance in Minor Asia oilfields.

II Association with France for the exploitation of the Russian, Rumanian and French colonies petroleum deposits.

III See France as an ally against the Americans

This definitely proves to us that she was preparing for the future oil war and was taking possible steps toward securing a victory, which she succeeded in doing. Yet in spite of this treaty Great Britain deliberately, through General Marshall occupied the Mosul area after taking Baghdad, although the Armistice had been signed. A preliminary discussion took place between Clemenceau and Lloyd George, the first gave in, because coal interests across the Rhine dampened his spirits. André Tardieu was the only one to say no. So the Sykes-Picot agreement was modified, which was to prove the old maxim that possession constitutes 9/10 of the law.

Furthermore at this conference the mandates for Mesopotamia were drawn, which later became the kingdom of Iraq. Decisions were taken about Batumi and Armenia. The framework of the treaty of Sèvres was formed, which was so attacked by the United States. Also the famous Coudan-Berthelot agreement was further worked out, which had been signed on April 10, 1919. This agreement contained the three following main points:

- I Participation of France in Mosul.
- II France helps Great Britain against United States trusts.
- III A special zone of influence is created for France in Alexandrette and Beyrouth, accept

Damascus and Aleppo!

Greece is entrusted with the enforcement of the Sèvres Treaty by which she took Thrace and part of Minor Asia. So the National Turks sought aid from the Bolsheviki. Kemal Pascha, because of this, acquired precious time, since the Allies did not wish to enforce the Sèvres treaty themselves and entrusted Greece with it. He was able to gather the Turkish patriots in Kars and lay the foundations of a free Turkey and form a republic, saving Turkey from Allied occupation and subdivision, according to the Sykes-Picot, Constantinople or other treaties; the Constantinople government lost importance and Ankara became the new capital. At the same time the Caucasus Federation was formed. Preparing to win the United States to their side, the Mosul concession was turned over to Admiral Colby. Admiral Colby was given a 99 year contract, a railroad, mineral including the Argana copper mines and oil concession, covering 20 kilometres of the 2400 miles of rails. He established the Ottoman American Development Company and planned to float a loan for 1,500,000,000 for construction, but all to no avail, as Colby had no financial backing from Wall Street. In fact he was boycotted by the Standard Oil Company. Thus they obtained United States friendship in the Genoa conference. Another private enterprise tried to obtain a deal in this oil business. Samuel Untermyer, a New York Lawyer, in

in representation of 23 princes, descendants of Abdul Hamid, who had possessed millions of acres in Asia Minor, tried to sell all these lands for 200,000,000 pounds! The Standard Oil Company did not accept, Sinclair, on the other hand, was interested.

Meanwhile the French dissatisfied with the British deal, sent Franklin Bouillon to Ankara where he signed a treaty with the Turks in 1921, by which he turned over the Mosul to them.

On the other hand France expected resistance to the signing of the new Geneva treaty, Cadman Berthelot, this was chiefly the reason she published it three months after it having been signed. Wilson then promptly asked internationalization of Syria and Mesopotamia, and as a "melio solutio" to submit to the League of Nations the proposition. General Gaudin in reference to this proposition stated "l'affaire payera" with respect to the adjudications of the League. The United States considered the Franco-British agreement a violation of the principle of economic equality. The defenders of the treaty replied that the United States had not signed the treaty of Versailles, did not form part of the League of Nations, but that in spite of this during conferences which took place between

representatives of the United States, Great Britain and France, economic equality had been given her in Togo, Camroun and East Africa. The British government replied, that the San Remo agreement was based on concessions granted to British interests by a former Turkish government. Davis then pointed out the monopolistic conditions prevailing in Iran.

Then Lord Curzon replied to this so-called open-door policy and stated that no such monopoly existed as the United States controlled 70% of the world's production and that the British Empire only represented a meagre 4%. Then the Secretary of State sent a note to Lord Curzon, to come back on that Colby concession, saying that it went against the principle of res inter alios acta. But the Foreign Office replied that Colby concession was monopolistic. All these oil discussions received major publicity, for at last the United States were awakening to the fact that they did not possess any reserves and that these had been acquired step by step by Great Britain.

Again the British replied that the United States, excluded foreigners from Haiti, Philippines, Costa Rica, Alaska, Katalla, Jakatoga, Iniskin Bay, Cold Bay and Smith Bay.

The Anglo-American rivalry was reaching a crucial moment. Sir John Cadman went to the United States, the Americans were offered an interest of little less than a 1/4, in the Turkish Petroleum Company, that later became the Iraq Petroleum Company. France had participation in that company, through the Compagnie Française des Pétroles holding the Deutsche Bank's part, this same company had interests in Rumania as well as 25% in the Steaua Romana, but France felt herself endangered, stating that the United States part had to be taken off the Anglo-Iranian and Royal Dutch Stock. The United States' minister, W. Phillips in s'Gravenhage, demanded a 25% interest in the Netherlands Indies, in the Djambi concession, which the Royal Dutch Shell sought to monopolize, for the Standard Oil. Concession was granted because of threat of retaliation on Dutch firms in the United States!

The storm had been averted temporarily and so all of Expectant Europe turned its hopes to the forthcoming Genoa conference. It was held from the 10th of April till May 19, 1921. The only positive achievement of this conference was the Rapallo Treaty which "stole the show", and was conducted between the Germans and the Russians: Rathenau, Tchitcherine and Litvinov. Although the United States was not officially represented, the Standard Oil Company officials were basking in the sun at

Genoa, and the United States Minister left Rome for Genoa, claiming the open-door policy, at the same time, the British were seeking an alliance, to further exclude the Americans. Louis Fisher described this conference in very appropriate words: "the wholesale attempt of big oil trusts, acting with the support of their respective Foreign Offices, to establish themselves in the Caucasus by peaceful means, Caucasus oil, not Russian oil, is spoken of. The United States only assisted as observers."

This conference and its failure can only be understood on the basis of the Royal Dutch Shell concession in Russia, which Curzon had approved and diplomatically pushed. Luckily for the Standard Oil Company, France and Belgium claimed that a settlement of claims had to be made collectively and NOT individually. Again the Standard Oil through its important French government connections had diverted the tide. The Standard Oil Company had justly boycotted this conference, for the Shell having arrived at an agreement with Russia had inserted a clause at the conference, whereby all claimants with concessions "before nationalization" could only uphold their claims. This was done with a view of excluding The Standard Oil Company. This nationalization took place in 1917 and the Standard Oil Company had bought half the Nobel shares in 1908. No wonder Standard Oil Company stood for restitution of private property, liberty of work and personal security as Bedford *had stated*

THE RUSSIAN BEAR

Since Russia and its Caucasus attracts our attention so much, let us analyse it more carefully. There are three main producing areas: Bakú, Grozny & Ekba. Russia principally had an important part in the European market, before World War I. Her production in 1885 was:

1885	100.000.000	puds		
1900	600.000.000	"		
1901	700.000.000	"	-	85.168.000 bbl
1920				25.430.000 bbl
1931				162.842.000 bbl
1939				212.975.000 bbl

Right from the beginning transportation formed the major problem. The Russians had an expert, P. Archké, who had to fight the silent price war, then going on in Europe at that time, between the Standard Oil Company and the trilogy, which we already met elsewhere in this thesis, of which we remember a Russian company formed part. The Standard Oil artificially lowered its prices in Europe to force out its competitors and to be able to support this strain, prices were trebled on the home market in the United States. The battle became a deadlock. Actually what the Standard Oil tried to do, to force out her competitors did not succeed, the Shell Company saved the trilogy with the indispensable tanker fleet.

The Russian production was not very up to date, the Russian oil companies were staging war at each other,

their petroleum was in hands of their opponents and for transportation to the Far East, which was their natural market where they could have had marvelous opportunities for marketing, they lacked an adequate tankerfleet. The Grosny and Ural districts were still in their infancy; in Maikop, production was not furthered, enormous deposits in other parts of Russia, actually known to exist and with enormous reserves, are not ^{exploited} really Russian, ^{as the Baku region is not} as it forms part of the Persian basin. That is why the Russians were so sensitive about the Khochitaria concession going to the A.I.O.C., for it would constitute an ideal country for invasion of their valuable Caucasus region.

From 1917-1920 the main petroleum fields were in the hands of the Mensheviks or White troops. The bolsheviks depended on their 200,000,000 puds accumulated, which had dwindled to 9,000,000.00 in 1914. A proclamation was sent out to the workers, soldiers and sailors of Baku by the Bolshevik command, who were in a pretty desperate position, it read, the greater quantity of combustibles we can dispose of, the quicker and the surer will be the march of the proletarians to victory. Baku and its naphta have a primordial importance. Like the coal of the Donets basin, the naphta of Baku is the motor of the worlds communist revolution. The worker of Baku is responsible for the future of the worlds proletarians, in the future

of the petroleum industry and of its output for realizing the regular and immediate supply of the Soviet factories, devoid of Black Blood. The industrial region of Baku is threatened by a mortal danger, which each hour increases and that can lead to the ruin and the total disappearance of production; if the production and refining diminishes, then exportation faces a similar danger. With a view to reconstructing the petroleum industry of Baku, the workers of that region, must show their power and revolutionary energy. Workmen of Russia, millions of proletarians look on you with hope. There is acute need of petroleum, petroleum ^{still more} and petroleum. You are called to furnish it." Lenin already had prognosticated, that the world would fight for petroleum!

We see here again and again of what importance, this Black Blood was to the Bolsheviks. And should Germany succumb to the masses of Russia, we may see the Third International conquer Europe on a wave of Baku Black Blood.

In 1918 the Bolsheviks had temporarily occupied these districts, but only nominally, in the next year we remember how the Turks had retired battalion after battalion, from the other parts of the front and how Liman von Sanders had protested. Even the Germans became alarmed at the way the Turks were sending troops, divisions were sent ^{when} battalions suf-

ficed, so obviously it was not a question of simple military tactics, but one of permanent occupation. The Germans alarmed, sent their soldiers under General Kress von Kressenstein, who because of the importance of the occasion had been promoted from Colonel to General.

In the same year, in 1919, a group of British staff officers under the leadership of General Dunsterville, called the Dunster Force advanced into these regions and occupied Bakú, to prevent a "German march on Persia"; in reality it was to stop Turkish forces from taking Bakú and Batum, and "to organise the sound elements to form a stable form of government", for that purpose he contacted the White Russian General Bitcherakov and his 1200 soldiers, while Bakú was being evacuated and three days after the departure of the Bolsheviks he landed, but in view of the numerical superiority of the Turks, he was forced to evacuate the town. Arthur Moore writes to this effect: "We went to try to get hold of Bakú oil fields, but we were not prepared to fight for them," Herbert Allen of the Bibi Ebat Oil Co. stated: "an unparalleled opportunity for the creation of a second India or a second Egypt." This is the story of the Dunster Force and how Great Britain "missed the bus".

Meanwhile Denikin, the famous White Russian general was holding out against the Bolsheviks; he had advanced to the Volga, but now was slowly retreating. In 1920 the Bolsheviks drive started, and as we had seen they were in bad need of petroleum. Then the nuclei of three nations, the Cucasian Federation, Azerbaïdjan, Georgia and Erivan, the country that suffered most during the last war, started combatting each other. Reason: oil, the Gēorgians accused the Azerbaïdjans of retarding production and not shipping the goods. This was a very grave fault, they should have united in face of the strong enemy and their freedom could have been preserved.

It had to face no less than two armies, one the Bolshevik army, the communistic Armenians and the Turks, who reclaimed Bakū, according to the Brest-Litovsk treaty. Gēorgia realising the uselessness of resistance, was incorporated into the Union of Socialist Republics. And one of its sons, Zogo Djugasheff, an oilworker became the Bolshevik leader, popularly known under the name of Josef Stalin, the man of steel.

A new communistic step was introduced, private property and enterprise were abolished, the Bureau of Central of Petroleum was shut down and the new Nephthionoe Comitet sprang into life. From 1914 to 1919 the production had dropped

some 35%. In 1920 Emmanuel Nobel, the main figure of the Russian petroleum industry, sold 50% of his interests to the Standard Oil Company and thus acquired the legal basis for controlling 40% of the Russian petroleum.

Still the Bakú affair had not come to an end, the West Powers in the peace conferences, had left to Italy, after the readjustment of the Sykes-Picot agreement, the Bakú region, which was of enormous importance to Italy, who was so poor in raw materials. At that time the Italian government fell, Nitti, the great jurist became Premier, but lacking future and imperial vision, was against taking that region, because he considered it Russian territory! Just imagine if the totalitarian states nowadays were in possession of that region. At the San Remo conference it was decided to evacuate Batum definitely.

The sudden "friendship" we are displaying towards our Russian allies, is somewhat cleared up by the preceding happenings.

In 1921, a year Russia will never forget, hunger and dryness prevailed. Nansen stated that the downfall of the Bolsheviks seemed at last to be near at hand. But no, no petroleum saved them again. It was the only thing, the other nations desired from her, and it was the only thing that brought in precious foreign currency. Russia then acquired

foreign help, especially from the United States, such as new drilling methods and devices. She was out to acquire capitals on the international market, but these loans were very hard to obtain, on account of the general boycott and lack of guaranty going with the concession of the sums. Also the influence of the former proprietors, who still had their shares and whose shares still quoted on the Paris Bourse. But bit by bit sales were made to France and to England. In Germany rapidly becoming bolshevized, the DEROP was formed and in Great Britain its counterpart the Russian Oil Products, Ltd. (R.O.P.). Russia furnished Italy with 49% of her requirements, France with 21% and Great Britain 4% and Germany 16%.

This invasion of Great Britain, was due to the visit of Krassin to London, who was an oil expert. Meanwhile the country was racked with a grave industrial crisis. Unemployment increased alarmingly, many becoming communists. Lloyd George, propagated his Paneuropism on account of the bad economic situation. The first commercial interchange or barter took place between Russia and England. England sent 900,000 tons of goods, but only received 100,000 in return. Owing to the failure of this method, they were discontinued.

Enormous loans were made by the Germans to the Russians, who were having a bad time, acquiring loans from the "bourgeois" states of the world. This Germano-Russian trend developed especially after the Rappallo treaty of April 16, 1920, the only positive achievement of the Genoa conference. It was mainly an oil treaty, although it did not last and constituted more a sensation than anything else, but it paved the way for future relations and helped to make the Genoa conference a dismal failure, in spite of the great things expected of it.

Finally the Hague conference to which the Genoa partisans had agreed to attend, was opened on June 26 to July 20, 1921, to which not one of the political figures of Genoa came, for they feared to stake their political reputations; this proved the definite "fracas" of a possible agreement between the Western powers and Russia. These were very emphatic regarding the nature of their concessions and flatly rejected any restitution of private property. She gave up hope of acquiring credits and henceforth relied exclusively on industrial credits, with a government guaranty, which she later obtained from Germany as we saw, as well as from the United States. She furthermore limited Deterding's claims to his old ones and not to a monopoly over the Grosny and Bakú oil fields, as he had dreamed of.

This in turn made him the ardent supporter of the White Russian émigrés, symbolically expressed ~~on~~ his second marriage to a Russian princess. Loads of money flowed to arm the insurgents. Another item was that Russia in order to eliminate the multiple claims, only extended a blanket lease to one company, which had to settle all the claims at once.

The Hague conference was one of Deterdings worst set back. He founded the Groupement Internationale des Sociétés Naphtières de Russie, to oppose the Russians. Though that did not keep him from buying kerosene from them, this of course irked the undersigners, but in reality, all were trying to obtain concessions themselves, free handed. One year ~~after~~ the Allied Committee for Oil Companies was established in Russia; The Royal Dutch Shell hoping to thus press out the Standard Oil interests.

Meanwhile the Russian production figures were going up, which helped them substantially. It must be fully realized that the Hague conference was exclusively technical and therefore many demands could not be made in the political field. Great Britain was now alarmed by this new giant; she was feeling the Bolshevik propaganda at home, in India, China and in her Empire.

After the Hague conference, the results of which, we have analysed, Deterding having become a sworn enemy of bolshevism and acquired a deeper hatred, than just a commercial one, revolution broke out in the Caucasus, Nesi Jordania was backed by him and contact was made with the King of the Ukrainians, Hetman Skoropadski. Enormous funds flowed to these White Russians. In a reunion at the White Hotel Majestic on the avenue Kléber in Paris, in September 1918, Sir Henri decided the boycott of the Russian empire. That did not prevent him from buying four months later 70,000 tons of petroleum: "Stolen" petroleum as he used to call it. He bought all possible oil claims of White Russians in Paris.

But Standard Oil interests considered this Russian boycott idea futile, so it fr^elanced to arrive at an agreement with the Bolsheviki. Dodge of the same inter^ests was in Moskau^{cow} trying to negotiate an oil deal. Vacuum Oil Co. bought 500,000 tons of fuel oil from them and started selling them in India, but after a while, it had to give up the battle for various substantial reasons, one of which being the British Empire policy towards foreigners at that time, namely:

- I To barr foreigners and foreign nationals from owning or operating oil producing properties in some of the most promising oil territories of the Empire.
- II Direct participation by the Government in ownership and control of petroleum companies. i.e.: A.I.O.C.
- III Arrangements to prevent British Oil Companies from selling to foreign oil companies. The Mexican Eagle deal with the Royal Dutch Shell is an example.
- IV Arrangements to prevent shares of British oil companies from wandering into other than British hands.

Official circles must have been very astonished, at this commercial move of stepping right into the heart of India, the pride of the British Imperial Colonization, for it constituted a Standard Oil victory. The Burmah Oil Company and the Royal Dutch Shell joined together, like that Deterding hoped to obtain a greater share of the A.I.O.C and at the same time to oppose forces against the Vacuum. Profits increased 50% 6 months after the Arcos, Ltd. affair and in 1918 the same Vacuum paid a 100% increase in profits and she acquired the Medway Oil & Storage Co. in London. On the other hand, the Burmah Oil shares fell from 96 to 58 rupees. How far this panic, can be deduced from the fact that when once the rumour

circulated about a possible Royal Dutch Shell and Standard Oil merger, India even closed its door to the former one. We all have heard of the standing armies, always ready at the Khyber Pass and the Northwestern region, which besides being ready to defend India from a possible Russian attack, was ready to defend some rich oil bearing country, which the British are keeping as a possible oil reserve. Meanwhile the Royal Dutch Shell to combat the move of the Vacuum, reduced prices five times and had ~~th~~ near at hand Dutch East Indies production with which to do it. It further more acquired a third interest in the Burmah Oil Co.. In 1927 the Asiatic Petroleum Co. and the A.I.O.C. controlled 70% of India's needs. British India reserves are estimated at 1,000,000,000. bbl..

Deterding irritated at the Vacuum move and the general oil war, appeared at 29 Broadway and more than surprised everyone with the knowledge he had of their affairs. He reached an agreement with the Standard Oil Co. of New Jersey, but was not so successful with the others.

Later in London, MacDonald of the Labour party, was negotiating an Anglo Soviet General Commercial Treaty and sales increased substantially for the Russian Oil Products, Ltd. Then under the influence of Sir Henri, the Daily Mail started a campaign against the Russians and produced the Zinoviev letter, containing alleged instructions to the British Communist

Party. It has been stated that the letter constituted a forgery. Another affair is exposed, the Arcos affair, which occurred on about the 10th of May of 1917; in the accusation made by the Criminal Investigation Department of Scotland Yard, it stated that it was an espionage centre, and that compromising documents were in their files. It never has been quite clearly cleared up. The Arcos Ltd., in London corresponded to the Amtorg in New York City, both being official Russian trade companies. This scandal had the desired effect, as it canceled a 50 million pound credit for Russia and the Russian ambassador was given his passport. The next step was a violent campaign in France, in which Rakovsky was declared "persona non grata". Furthermore Great Britain applied pressure in Berlin, so that she would not grant the loan to Russia. Deterding rated very high in the public opinion and the Catholic Church exasperated at the condemning of two bishops, and having lost all her private property, eagerly sided with Deterding. May it be added, that this whole Arcos scandal was solely laid bare, because the R.O.P. sold direct ^{without} retail and because it was constantly underselling the prices the prices of the Royal Dutch Shell, the Anglo American Oil Co and the A.I.O.C.. To combat this underselling these companies had to pay a bonus of one cent to retail distributors. Relations became calmer later on, especially after Great Britain gave up all hope of a possible downfall

of the Bolsheviks. After having resumed normal diplomatic relations, she signed a contract in 1929 for \$25,000,000 worth of oil products with the Soviet Naphta Syndicate. Following is a list of importations of Russian oil to England

1921-23	320,000 tons
1923-24	771,000 tons
1924-25	1,260,000 tons

Another important item that took place, especially with respect to Sir Henri, was the rupture between him and Gulbenkian, the "Talleyrand of oil", which took place in 1926. Gulbenkian attacked the oil peace in Venezuela trying to foment disturbances there. But the battle was unequal, for Sir Henri had by now the backing of dreadnoughts, for substantiating his claims, but just the same Gulbenkian managed to be a thorn in his side. In 1931 he started a new offensive, by selling Royal Dutch Shell shares on the Paris market. Shares worth 80,000 francs dropped down to 12,000 francs.

In 1931 in Paris, a new world peace of oil was signed but for how long? Of course competition was much reduced, but also the United States of America was jealously looking at the vast reserves Great Britain had accumulated in the course of the struggles and after this major conflict had been settled, a revival of hostilities is to be expected and a new division must follow this conflict. At any rate at this conference a general stabilization was agreed upon by reciprocal engagements

to respect relative positions as regards to exportations.

Since it is of actual interest, I will insert here some interesting figures and facts about the Russian oil production. Nine tenths of the Russian oil was extracted from the Caucasian Wells; Grozny and Maikop accounted for 15% of the total production. They were connected by oilpipelines to Touapse on the Black Sea. The Ural Volga area produced 2 million tons in 1939, the principal oil-field being at Ishimbayevo. The balance was produced principally in the Emba region. The transportation of petroleum to Germany was a complete failure, and hastened the Russo-German war. A round trip by railroad took 60 days, the distance about 22,000 miles. So it can be gathered that the Germans only obtained a mere 300,000 tons a year from Russia

FRANCE AND PRIMO DE RIVERA

We will go back now again to the period following the Genoa and Hague conferences. As we had already seen, the fight was very bitter between the Great Two; we will be able to analyse another new phase of this battle in the petroleum question of France herself. We remember how Poincaré took over the French government and also his Rhineland policy, which was so messed up that it made Great Britain nervous. For the Rhine separation meant throwing Germany into the arms of Russia and thus constituted a danger to India and to Europe in general. It was this reasoning which lead to the benevolent rising up of Nazi Germany and the reason that Great Britain favored Nazi Germany, was that she hoped it would crush the Russians. Actual developments show us what this policy has lead us to.

Shortly before Poincaré rose to power, Rakorsky the Russian ambassador to France, was negotiating the formation of a Russo-French Bank. Caillaux the French negotiator wished to form a French Oil monopoly, like they have in the tobacco and was interested in the formation of a bank, for in this way he hoped to satisfy France's oil needs with Russian petroleum. Luckily for the oil companies he fell, or did they trip him?

Since we are here face to face with an effort to create a state monopoly, I shall give a short summary of the general French internal position.

France's production amounted to 80,000 tons or roughly 500,000 bbl., produced in Pechelbronn and Gabian. In the former, some years after the discovery of America, oil has been extracted since 1498. Algeria forming part of France, we must also count the production of Msilah and Mejedjilah near Oran, whose production amounted to 20,000 bbl in 1929. The first oiltanker was the Ville de Calais built in 1885. In 1924 the Compagnie Française des Pétroles was founded by Ernest Mercier, but it depended up to 60% on Standard Oil supplies, this is also the company that holds a 25% interest in the Steaua Romana. Around that time the Office Nationale des Combustibles Liquides was formed to supervise everything related to petroleum and to assure an abundant stock and supply.

From 1871 till 1914 France only occupied herself with the customs tariff aspects, although in 1903 an attempt was made by the Chamber of Deputies to form a state oil monopoly on the lines of the tobacco-régie. On the 28th of February, 389 votes against 158 decided otherwise. The Standard Oil Co. was already powerful and she "arranged" the matter to the entire satisfaction of the company. Of course the

monopoly was intended to be exclusively a refining one, as France had no worthwhile mentioning production to be able, to be self sufficient. The few refiners are however united in a cartel and this cartel is pre-Standard Oil.

As a counter measure for not obtaining the monopoly the State resorted to heavy taxing of the crude, with the subsequent boom, of the already refined products, for the interest was taken from the refiners, as it did not pay.

After the war the Standard Oil still enjoyed a position of near monopoly. Bedford, Asche and Moffett, were the leading oil men. When the French government asked for delay of the payment of debts contracted during the war, they received a kind refusal. The Standard Oil subsidiary in France is called Standard Franco-Américaine, it controls the principal refineries in Port Jérôme with a 1,000,000 bbl refining capacity as well as the Normandie and Provence refineries with each 650,000 and 740,000 bbl. respectively. The French subsidiary soon founded another subsidiary the Economique, Compagnie Commerciale des Produits pétroliers, a company of 20-25 million francs.

Then came the famous tanker affair. We remember how the Standard Oil interests controlled in Germany the D.A.P.A.G., it was this company that possessed a tankerfleet of 26 tankers of which there were 14 in Hamburg. Of course if there had been

if these had been assigned to Great Britain they would have wandered into the hands of the Royal Dutch Shell, and would have constituted a mighty blow to the Standard Oil Co.. Although the United States was ready to accept the transfer, Standard lobbied in Berlin and Washington and finally obtained the 26 tankers.

But while the Standard Oil Co. refused to extend credits to the French government, the Royal Dutch Shell offered it credits; this was justly criticized in France, for they claimed that thus the Standard Oil Co. became a friend of the Germans.

So then suddenly the Paris Bourse was invaded by Royal Dutch Shell shares, which sold a 1000 florin share for 72.000 francs. Attachés of foreign legations, with good connections, at the night clubs and generally anywhere and everywhere, sold these precious shares to those who had a craze to possess them. But then the dollar rose and so the pound and the florin followed; the franc on the other hand dropped lower and lower, so the shares lost value and a selling period set in and miraculously they wandered back, again into the hands of the Royal Dutch Shell, only they paid 25.000 francs for them, which was quite a difference.

Royal Dutch Shell established the Banque de l'Union Parisienne, to counteract the effect of the Standard Oil, Banque de Paris et des Pays Bas. Even A.I.O.C. joined in the fight and founded the Banque de la Seine, the Société Générale des Huiles de Pétrole (Franco Anglaise) and the Société Navale de l'Ouest. The Royal Dutch Shell went further and established the Société Française pour l'Exploitation du Pétrole, with a capital of 20 million francs and the Société Maritime des Pétroles with a 10 million francs capital, this one being mainly for transportation purposes.

At the same time it founded the Aktien Gesellschaft für Petroleum Industrie (A.G.P.I.), Photogen in Poland and the Yugoslav Oil Company in that country, whilst in the United States it took over the Roxana Corporation and bought the Caribbean Oil Company.

On the other hand, Bedford the able director of the Standard Oil in France, arranged the cooperation of Vacuum Oil and Atlantic Refining, assuring them a participation in the division of Asia Minor. Although it is a bit monotonous, this whole array of companies, I have inserted them just to show, how these operate and how they manage to control a market by an intricate system of subsidiary companies to pull the wool over the eyes of competitors.

The formation of these banks to combat the Standard Oil Company, leads us to the first general oil war, that took on a visible form, the Greco Turkish war. This war, where on one side Creusot arms fired away and on the other Vickers Armstrong, was the first and last mixing in the oil line of that obscure personage Sir Basil Zaharoff. It became also his political funeral, laconically the only time he really was inspired by patriotic aims.

We already know the devastating effect the Turkish armies had on the Greeks. The birth of a new Turkey had taken place, thus saving the country from the planned division. Mosul seemed lost to Deterding, France smiled, but she still was ardently pursuing her Rhineland policy seeking the booty in the coal. Small British concessions there and Mosul was saved and the day was saved, even the Algerian fields came under the power of British companies, and the A.I.O.C.. This same company received in Greece a monopoly in the eastern and western Macedonia, a kerosene monopoly. We remember how the United States influenced Sir John Cadman and how subsequently it acquired a 33.75% interest in the Mosul area. Sir Basil obtained as recompense for his "services" some valuable Royal Dutch shares.

Thus we have seen the principal events around France and to finish this part I will insert here some additional data. France depended on her imports from overseas as we had seen, one of her principal sources was Iraq, where in the I.P.C. she held a 23.75% intrest. Her refining industry is capable of handling 8,000,000 tons a year. Before the World War II, stocks had to exist, containing from 40 to 45% of the annual consumption. Her tankerfleet amounted to 317,913 tons or 2.8% of the worlds tanker tonnage.

SPAIN:-

Primo de Rivera, the Marquis de Estallilas, instituted in 1927 a state oil monopoly. Although he deserves much merit for having brought some very much needed order into the Spanish home country, he had a definite lack of vision when he enforced the monopoly and it was to prove the ruin of his career and would greatly affect Spain.

At the beginning of the enforcement of the monopoly, prices went lower, but not much time had passed, before he felt the brunt of the opposition of the oil companies. Prices soared some 20% higher, than they had been in Spain. Gasoline for instance sprang from 2.50 pesetas to 5.00. Of course The Great Two refused to sell and in spite of, that he was violently anti-communistic, he tried obtaining oil

from Russia, who sold him oil, but of the worst quality.

March-Ordinas, pupil of Sir Basil and finance wizard, who had sold oil to the German submarines, during the last war, formed a company, which was only to sell oil to the state monopoly. Months later the whole structure fell and the Marquis was on his way to France, where he died mysteriously in Paris. A monopoly was actually cheaper, but a country, that has no natural sources of its own, is doomed to fail, unless it reaches an acceptable agreement with one of the important oil companies. So that in the long run, it is cheaper and a more healthy policy not to succumb to a state monopoly under these conditions.

In 1933, according to the *Moniteur du Pétrole Roumain*, Spain consumed 600,000 tons of oil products. A government company the CAMPSA, which has a fleet of 12 tankers, with a total capacity of 100,000 tons, held all important permits for importation. It appears the Germans are taking all the olive oil from Spain and Italy as lubricating matter in their home industries.

PART II

PART II

THE UNITED STATES OF AMERICA

After the temporary oil peace of 1918-19, during which the Standard Oil had furnished the Allies with 80% of their oil needs, the old Royal Dutch Shell rivalry broke out anew, and with still greater ferore. We have already analysed the Near and Far Eastern ⁱⁿ situation and this second part, we will see, what it lead to on the American continent. After World War I, the United States became oil conscious, although a bit too late. Standard Oil awoke from its lethargy and departed from the Alexander of oil's policy of only refining and marketing, and turned its attentions towards direct production and owning the claims or concessions. Furthermore an oil scarcity was declared by the geologists and so the necessity of looking outside the United States became imperative.

Also the United States shipping industry had suffered a boom during the war, which lasted far past the wartime till 1922. In January 1, '20 5,840,742 tons ^{was launched} and in June '21 a year later it had increased to 8,600,000 tons. It was owned by the United States Shipping board and 75% of it burned oil. They hoped at that time to be able to do more business, than all the other countries put together. New York was to be the

new world's center, replacing London and Amsterdam. But the refueling of these ships over the whole world presented one problem, American ships were forced to refuel and had to buy from the Royal Dutch Shell subsidiaries, in other words they had to buy from the rival. So Standard Oil started looking around; an era of venture and offensive had started.

But since the war had been fought to make the world safe for democracy and the principle of economic liberty, Royal Dutch Shell concentrated on invading the United States as we already have seen. It extended its pipeline connections on to Chicago and spent some \$50,000,000 towards it. In 1927 it controlled 2064 miles of pipelines. In 1928 the annual report showed that 35% of its total output of crude came from the United States. In 1924 and 25 they led the United States in production, being in 1926 third. In that same year it was the largest land owner except Standard Oil Co. of New Jersey, Gulf Oil Co. and Texas Co.,. The principal subsidiary companies were; Shell Oil Co. of California, Roxana Petroleum Co., Wolverine Oil Co. and Comar Oil Co., this last one being jointly owned with Roxana and the Maryland Oil Co., which was a Morgan venture into the oilfield.

But other developments took place at the same time,

the new Spindle Top gushers, the Fall scandal and internationally the anglo-american tension and the Mexico, Venezuela and Colombia affairs.

The Spindle Top gushers changed the monopoly of the Standard Oil, it became an oligarchy, Gulf Oil Co. of the Mellons of Pittsburgh, the aluminum monopolizers, had wrenchd an important part out of the Standard Oil monopoly; Doherty of Mexican fame, where he had become fabulously rich, was the other one sharing the booty, his United States organisation being the Cities Service. Standard continued in the lead though as she fixed the prices of oil. The Federal Trade Commission in 1927 found that the Standard group controlled:

58.9%	of the proven oillands
79.4%	" " total oil investments
74.9%	" " " earnings
59.3%	" " crude output
51.5%	" " gasoline
61.0%	" " kerosene
50.7%	" " fuel oil
62.2%	" " lubricating oil

Since it equally controls the pipelines from east to west and north, it can fix the prices according to will. The 1911 dissolution instead of destroying the organisation, has had an invigorating effect and has been very profitable as the following dividends prove:

1915 cash dividends were	\$ 51,686,634
1927 " " " "	\$212,760,695

Slowly but surely it has managed to control the Big Independent

including Sinclair, another Spindletop oligarcist, as in 1920 the Standard Oil Co. of Indiana obtained a 50% interest in his company. The same process developed on a lesser scale with Henry Doherty. In July 31, 1901, Standard Oil Co. of New-York merged with the Vacuum Oil Co., to become Socony-Vacuum. Morgan of the pure finance fame, also tried his luck out in the oil business and acquired controlling stock in the Maryland Oil Co., he further acquired the Pure Oil Co., in which he invested \$100,000,000.

production Before coming to the Fall scandal, I will give some interesting information about the general petroleum in the United States, since the bad old Drake well time:

1859	2,000 bbl.	6,349 bbl.
1861	2,113,700 bbl.	2,130,917 bbl.
1874	16,926,945 bbl.	11,933,121 bbl.
1896	60,959,940 bbl.	114,199,101 bbl.
1903	100,461,337 bbl.	194,876,000 bbl.
1929	1,007,323,700 bbl.	1,485,867,000 bbl.
1939	1,264,256,000 bbl.	2,079,493,000 bbl.

The first column shows us some production figures of the United States and the second in comparison the worlds production at the same time, showing the dominating factor the United States represents in the oilfield.

Some further interesting facts about taxation, should definitely show us the falsity of statements that tell us, of the fabulous earnings of the oil companies. In the 13 years from 1921 to 1933, which is a cross section

of a period of booms and depressions, net earnings covered only 1.66% of the capital invested, 1925 was the best year. with 4.96% and 3 years being actually losses. Oil producing states derived one half of their total taxes revenue from this industry.

Petroleum Industry estimated Investments, Earnings & Taxes

1921	8,550,000,000	1,841,457	0.03%	41,255,601
1922	7,877,375,000	221,615,211	2.81%	39,881,649
1923	8,000,000,000	78,335,904	0.95%	27,525,849
1924	9,150,871,000	227,938,411	2.49%	41,791,402
1925	9,500,000,000	471,333,622	4.96%	72,338,894
1926	10,000,000,000	475,393,629	4.75%	81,509,304
1927	10,500,000,000	174,374,161	0.90%	32,319,256
1928	11,000,000,000	386,518,430	3.51%	64,909,723
1929	17,500,000,000	456,495,196	4.52%	66,604,616
1930	12,000,000,000	92,439,088	1.38%	38,976,616
1931	12,100,000,000	332,907,133	7.78%	5,615,514
1932	12,200,000,000	182,410,000	-1.50%	13,800,000
1933	12,000,000,000	204,000,000	1.70%	50,000,000
	10,221,407,538	2,138,039,974	1.66%	577,556,324

*- Average for 12 years.

On the next page we will see the continuance of the above list in its reference to Gasoline Tax sales and other taxes.

Year	Gasoline Tax	Other Taxes	Total Taxes
1921	5,382,111	62,135,919	108,773,631
1922	12,703,083	77,673,174	130,257,611
1923	38,566,338	66,460,994	132,553,181
1924	80,442,935	76,079,733	198,314,190
1925	148,358,087	87,668,283	309,393,366
1926	187,603,231	99,256,037	368,368,572
1927	258,838,813	107,764,735	398,982,804
1928	304,871,766	117,764,735	487,564,224
1929	431,311,519	127,764,735	625,680,870
1930	493,311,519	137,764,735	670,606,662
1931	536,397,438	142,764,735	684,777,687
1932	575,887,066	157,410,059	747,097,125
1933	709,321,400	245,502,328	1,004,824,028
	3,783,549,269	1,506,010,264	5,867,115,857

More than a 100 different taxes were paid, a sum about \$1,000,000,000 a year, and now in 1941 it reaches well over the two billion mark. The producing cost of crude oil averaged 80.6 cents per barrel. In 1933 taxes averaged \$1.11 per barrel, of which the consumer paid 90 cents.

Different Taxes on a barrell of crude in 1935

State Gasoline Tax	518,195,712	0,5726
Federal Gasoline Tax	181,125,988	0,2000
Real and Personal Property Taxes	130,000,000.	0,0436
Income Taxes (Fed. State & Munic.)	50,000,000	0,0552
Severance Taxes	22,625,000	0,0250
Federal Lubricating Taxes	10,237,274	0,0113
Federal Pipeline Taxes	22,289,624	0,2460
Municipal Gasoline Taxes	10,000,000	0,0110
State Registration for trucks	9,995,000	0,0110
Capital Stock Tax	7,952,380	0,0090
Excise on trucks and vehicles	4,132,660	0,0460
Federal Taxes f. old tank trucks	3,620,000	0,0040
Corporation, inspection taxes	3,620,000	0,0040
State inspection, drilling fees	633,120	0,0007
Federal Taxes on Accesories	437,270	0,0005
Other Taxes	120,000,000	0,0221
	\$1,004,824,028	\$1,1101

The taxes are higher than wholesale prices and larger than retail prices. In view that in some states taxes are higher than in others, fatal consequences are the issue; price wars ensue and here at the same time is the only way for the oil companies to evade paying the exorbitant taxes. The success in these dealings can be deduced from the fact that 25 to 100 millions are kept back yearly in that way.

But back to the political side, in the same way the Royal Dutch Shell had invaded the United States, these were trying to obtain a concession in the Djambi region in the Dutch East Indies. Sinclair was after the concession too. The United States Minister in the Hague, Holland, upon hearing of a possible monopoly concession to be given to the Royal Dutch Shell, claimed the Open Door policy; in case of non acknowledgement of this principle, he threatened retaliation by excluding Dutch companies from American private and public lands, which would go against the interests of the Royal Dutch Shell, but this last one obtained the concession in spite of it.

Thereupon started, the Royal Dutch Shell invasion of the Caribbean countries. But in Washington a new president had been elected, a true representative of the big companies, of big business, Harding. While on a tour in

Oklahoma, he had stated: "next to agriculture and transport petroleum industry has become, perhaps, the most important adjunct to our civilization and well being." Secretary Fall, who had been an associate of Harry F. Sinclair and Henry L. Doherty, became Secretary. Tension grew from day to day between the two countries.

Mr. E.G. Prettyman, M.P., wellknown oil authority had declared: "at the beginning of the war, England controlled 8% of the worlds petrol supplies. After the war one half of the available supplies of petroleum will be British". Sir E. Mackay Edgar even went further, he stated " the British position is impregnable. Unfortunately for them- fortunately for us- their eyes had been opened too late". Ramsay MacDonald, Henri de Jouvenel, Marshall Voroshiloff and Marshall Robertson, all spoke openly of the possibility of an armed conflict between the two nations.

On the 20th of April 1920, reserves were created by the Secretary for Navy, thus constituting a regime of closed door policy, a regime the Americans so ardently had combatted the world over. Senator Jones, President of the Commission on Commerce stated: " I admire Great Britain for what she is doing, how she stands behind her citizens, how she stands behind her industries and I would like to take a leaf out of her book, Let us stand behind our peo-

ple as she stands behind hers. Let us encourage our people as she encourages hers. Let us do what is necessary for our interests, as ashe does, whatever is necessary for her interests."

Meanwhile we must not forget the "big picture"; in Europe, Near East, Venezuela, Mexico and other countries, this Secret War is raging. In 1921 it was already whispered at the Washington conference, that feelers were being made for a possible oil peace. This conference proved the tension between the two countries, for although parity was given to the United States in the dreadnought class, in the cruiser class England was able to maintain the leadership.

Finally in 1922, an oil peace came to stand between the Standrd Oil interests and the Royal Dutch Shell. Sir John Cadman wnt to the United States, to New York and "pourparlers" were started in the offices of the Standard Oil Co. of New Jersey, the principal op onent. It was promptly offered a 25% interest in the Turkish Petroleum Co., which later became the I.P.C. Also later it obtained a 25% split in the Djambi concession. The tension grew less

The result of these years of fighting had been the destruction of the famous Monroe doctrine. Practically one man had done the job alone, Sir Henri Deterding, no

wonder that he is called the "Napoleon" of petroleum/
This defeat paved the way for a new and better policy,
the "Good Neighbour" policy, which met with astounding
success, but what will happen when the Republicans
swing again into power?

The oil peace had principally involved the
Standard Oil Co. of New Jersey, but Harry F. Sinclair
the new oligarcist, was still fighting hard to obtain
concessions in Persia, Iraq and principally in Russia.
For the Americans feared the growth of the Deterding
companies. Moreover in 1916, the whole estimated foreign
capital invested in Russia, amounted to 800.000.000 rubles
of which many a company was trying to get their share back
And the sudden interest for "our new friend" Russia, cer-
tainly has something to do with this fact and the still
greater hope of turning it into a new United States market
after victory in World War II.

In November 1923, Mr. Mason Day, Sinclairs
representative in Europe had signed a provisional agree-
ment with the Russians, then Sinclair tried to float a
115.000.000 dollar loan for Russia, in exchange for im-
portant oil concessions (he hoped to become sole sales-
manager of Russias petroleum, but the average American
has one great defect, he is exclusively business minded

and has no other outlooks like psychological and political ones). But after the Hague conference we remember how it was necessary to have a government confirmation, which practically meant in law, a "de jure" recognition of Soviet Russia, 90 days were given to Sinclair to obtain this confirmation, but then the Fails scandal came off.

After Secretary Fails fell, Hughes the Standard Oil lawyer and famous internationalist, became Secretary and no other interests than those of the Standard Oil were seriously treated. The whole scandal had been indicated by the same company, so it surely had no interest in helping the fallen "confrère". Also Doherty was mixed up in this scandal.

The oil reserves of Wyoming and California had been declared naval reserves, but in 1922, Fails secretly leased the Teapot Dome to the Mammoth Oil Co., one of Sinclairs subsidiaries, without applying the National Oil Leasing Act. The accusation said, that Fails had received \$250,000 in Liberty bonds for the affair. This scandal ruined Sinclairs chances with Russia, who cancelled the agreement signed and at the same time it retired the concession in Bakú. Meanwhile the Sakhalin concession was being invaded by the Japanese. A commission of the Senate further established that McAdoo, the son in law of Wilson,

received from Doheny \$50,000 a year during the past five years. The Teapot Dome concession was unanimously annulled by the Senate. In August 1923 Harding died and his death put an end to the revindication of the aforementioned men. Shortly Fall died too. Standard Oil bought large amounts of shares from Doheny and Sinclair, by paying hard cash for it. Thus ended the famous Fall scandal, which rocked the United States of America at that time.

MEXICO

The first Latin American country the United States turned its attention to was Mexico. It later became the furious and ferocious battle ground of the everlasting and neverending Royal Dutch Shell-Standard Oil rivalry. From developments up to date, we know now, that the affair has finally been settled. It has been also one of the few extensively publicized international oil affairs, when Cardenas expropriated the oilfields, on the 18th of March of 1938. Today we are nearing a settlement for even Great Britain is to resume diplomatic relations.

The Mexicans in 1938 made many severe attacks on the Royal Dutch Shell and the Standard Oil. First they forgot, that they were a battleground for those two gigantic corporations. As l'Espagnol de la Trameraye wrote in 1900: "there is no nation in the world, in which the struggle for petroleum, between the United States and Great Britain has been so violent as in Mexico. If this nation has lived in a perpetual state of struggle since many years, its because in her (boundaries) battles are fought for the petroleum concessions". These are the consequences of our actual economic liberty. It is all very well to criticize these companies and others, but as long as this actual system is not changed, nothing else can be

expected. It^s also no little wonder that they have such an interest in conserving the actual state of things. Perhaps Diaz made a grave error when he thought that by bringing in a rival the country would be more balanced. Furthermore what company can^{be} expected to say nothing, when they expropriate nothing more than a \$174,017,043 capital, which reports some 7,100,000,000 Mexican dollars profit a year? I have shown purposely the amount of taxes they have to pay in the United States: they have to make headway elsewhere, or else they would give up the business. And so in spite of all the law arguments, in favour of the Mexicans, the problem lies elsewhere. It is right of the more commercially developed country which needs an outlet, the right of a higher standard of living: be it with brutal force, or gentle pressure, the end is the same. Export or bust. Of course the gentle pressure is the better of the two, a thing the Germans never seem able to learn, for in that way people are more easily fooled. Mexico should never have undertaken the expropriation venture; she has no capital and could not afford to become auto-sufficient. We shall look now at a list of

her production:	1900	practically unknown
	1907	1,005,000 bbl.
	1911	12,552,798 bbl.
	1921	195,598,000 bbl.
	1930	39,530,000 bbl.
	1938	54,794,000 bbl.
	1940	40,778,000 bbl.

We see how the production has steadfastly fallen, not only because of "épuiement," but also because these countries have not got the necessary preparation and seriousness to be able to do things themselves, in an orderly and efficient way, especially when the government steps in.

Politically they have all been very backward, due to the nefastous Spanish heritage. One of the worst setbacks is the "localismo" and the superindividuality of the Latin Americans, that disastrous characteristic, which only can lead to libertinism and not to liberty. It is so super super that not the smallest form of cooperation is possible. Secondly in politics they are more frank, than the anglo saxons. The only aspiration they have in politics is to become rich and control large tract of land and people, to ride in swanky limousines and have a large quantity of "queridas", an old moorish custom, which still lingers in the Spanish blood; after all they were 900 years under the domination of the Moors.

Largely all these countries have only themselves to blame and to that one can add, the dismal failure of economic national laissez-fairism, not the international one. A change is imperative for all the accusations cried aloud, will be like shouting against the waves. Although

these great trusts have their black sides, everything practically has it in this life, but I find that the brighter side overshines the black one. These mammoth companies have the big picture. With their world wide connections, they are already part of what the world must come to, unless we wish to exterminate each other, as we are doing now. For let us not fool ourselves, both sides are to be blamed for the actual state of affairs. It is a struggle for economic supremacy and hegemony and there is no place for two, it is either the Anglo saxon or the Germanic world. Furthermore the necessity for a new aristocracy, not based on politics, not on family and not on money, but on education and merit, makes itself felt demandingly. They must be technocrats and fulfill the wishes of the people, but democracy in its actual form is a failure and is dying. In that connection France has been a lesson to us. It is no use patching something old, something positive must be created and should actually constitute the aim of the intellectuals.

But let us go back to the days when Mexico was producing 10,345 bbl.; in 1900 Edward L. Doheny landed in Mexico and shortly after acquired the Hacienda Tulillo for \$325,000, covering an area of 280,000 acres. Soon after, he bought Totea Hacienda for \$100,000. In course

of time, it became worth \$150,000,000. At that time Porfirio Diaz was the Dictator of Mexico and of course he was amply provided for by Doheny, for this repeats itself all over the world from Mexico to Persia. In 1904 Doheny already controlled the 125,625 bbl. output of Mexico. The Potrero del Llano began running then 120,000 bbl. a day, but this was nothing compared to one well, the Cero Azul N°IV, which was to deliver 261,000 bbl. a day!

But Diaz became afraid of the increasing power and wealth of the American and thus decided to call in another to check him, and the other man to whom concessions were extended to, was Mr. Weetman Pearson, an Englishman. By 1910 he already controlled 58% of the Mexican production and Doheny already was in the same ship with the Standard Oil Co.. Slowly we see into what waters this whole affair was steering. Afraid of Mr. Pearsons greater production, which threatened to become each year greater, Standard Oil sided with popular elements, headed by Madero, of a rich family of Mexico, the democratic friend. Subventions flowed, Brownings and Remingtons added lustre to the gay Mexican caballeros. In 1911 the revolution broke out and Diaz was unseated after a 35 year despotic regime. Democracy had been saved! Madero's army had even American officers and the Standard Oil had bought a substantial amount of

bonds of the new government. As soon as he was in power, Standard Oil lobbyism obtained an arms embargo to be applied to the counter revolutionists. But all to no avail, Mr. Pearson with the accustomed British Bulldog tenacity, had not taken the affair fatally. Added to this came the silver interests of the Guggenheim family, which was connected with the United States ambassador, Henry Lane Wilson who was one of their friends and thus against Madero and the Standard Oil interests.

Wonderful help was found for Mr. Pearson and the Guggenheims, in the form of General Huerta, their lucky star; Vickers Armstrong supplanted the Remingtons and showed themselves just as effective, for in 1913 Huerta occupied Mexico City and had Madero shot, just another page of Mexico's bloodful history page, which had started with the Indian massacre, when Cortés came to the original Mexican capital.

In 1914 Woodrow Wilson became President of the United States; his campaign motto, had been in 1912; "War to the trusts ", yet we clearly see, how once himself on top, he has to see things in another light. In 1917 he actively helps the Standard Oil interests, not because of favoritism and exerted pressure on the Mexican government. But already everywhere in Latin America hatred against the "Yankee in-

perialism" rose and its influence was felt in the Central American republics. Huerta already openly declared:
" Mexico is defending not only her national rights and sovereignty, but that of all Latin America as well". A very intelligent diplomatic move. The A.B.C. states offered to conciliate the Huerta Wilson dispute and met in Niagara Falls; this conference was systematically sabotaged by the Washington government and when the Panama Canal tolls issue came to the fore, the United States was able to exercise temperance on them and on the British oilmen. Subsequently came a financial and arms blockade to Huerta and Remingtons went to Carranza and Villa. It was during this period that the Tampico incident took place. In spite of Huertas apologies naval forces disembarked in Vera Cruz. American companies refused to pay taxes and General Carranza received financial support and he obtained from Doheny the sum of \$785,000, he furthermore advanced 725,000 dollars in fuel credits to Carranza.

Of course Huerta fell and Carranza became the President of Mexico. But as soon as he assumed office he deeply dissatisfied the American interests. He turned out to be an ardent Mexican patriot, but alas without that indispensable thing called the "big picture". He endeavoured to vindicate the 1911 revolution. He promulgated the new and fa-

mous 1917 Constitution and since then all disputes are concentrated on article 27 of the same.

Years ago when Mexico was New Spain, Carlos III had promulgated in Aranjuez, a set of laws, which in its articles 1° and 2°, title V, said: "the concessions are property of the my Royal Crown without separating them from my royal patrimony I concede them to my vassals in property and possessions.... In Art. 22°, title V, it included mines, bitumens and "juices of the earth". This principle was maintained by all sucesors, including Maximilian, only Porfirio Diaz, broke the line of traditions. Carranza sought to reestablish it. Concessions were only to be had by the Federal government. The same principle as the Kings'. Furthermore the same right was conceded to foreigners as to nationals but no more. But this can be accepted from a civil right angle, but not from the acquisition of property angle, for the nationality is indivisible and foreigners always have the protection of their respective governments, no matter where. Treaties are never eternal, the important thing is the "Lex rei sitae" and expropriation must be conditioned according to social necessities, if not retroactivity cannot be applied. The article does not deny private property, but it is conditioned to determined activities.

The early decrees promulgated were not drastic and left sufficient lo pholes, except in the taxes. The United States State Department, however considered that the taxations nearly represented confiscation. What about the taxes nowadays to save the world?

Villa who felt himself double crossed, an analpha+ bet, who had hoped to become President, so popularised by the Hearst Press and Hollywood, took revenge on the "gringos" and shot 25 American engineers in a train holdup in the Sonora. Ignoring this fact the Hearst papers set up a cry and hue against the Carranza government. An operatic Mexican band shouting (which they never do) attacked the town of Columbus on United States soil: "agents provocateurs" had been at work. Pershing and an army pursued Villa, but Pershing was left with the wish of getting him.

Notorious General Pelaez in the Tampico region, was brought forward as a new hope, subventions flowed again. A new revolution was under way. Carranza's pro German sympathies, the fear of a possible invasion of the United States, brought the two opposing camps together, especially as the World War was raging in Europe to stop the first attempt of destroying the anglo-saxon economic world. Carranza must the same stayed in power till 1920, when he was stabbed in the back. Meanwhile two developments took place. First Mr. Pearson, who had been elevated to peerage, becoming Lord Cowdray, was tired of the frequent sabotages commi-

against his properties, furthermore he was striking more and more saltwater instead of oil. He wished to retire and enjoy the fortune he had made and was prepared to sell ^{to} his American competitors his company.

But then the new world oil struggle had started again, with renewed fury in 1913 and Deterdings company, which had doubled its capital, bought the Mexican Eagle from Lord Cowdray for \$100,000,000 after having through its political connections in Downing Street, exerted official pressure on him not to sell to American interests. A new company was established the British Imperial Oil Co. (Not to be mistaken with the Canadian Imperial Oil Co, which is a subsidiary of the Standard Oil Co. of New Jersey), the shares of which were held by Lord Cowdray, A.I.O.C. and B.C.O.. Deterding established the Compañia Mexicana de petroleo El Aguila, with seat in Mexico City and to obtain a public mouth piece he bought the newspaper "Universal".

Meanwhile on May 8, 1920 General Obregon entered Mexico City. Adolfo de la Huerta became provisional President. On December, General Obregon became President, one of the first acts of his was to put ^a 60% export tax on all petroleum leaving the country. Again the Americans had been thwarted. The British ^{tried} siding with him, but he played them against the Americans. In 1923 finally an oil agreement was signed between the two countries. But subventions already started flowing to Adolfo de la Huerta, who

had started a counter revolution, blockading the port of Tampico, America sent a cruiser the Richmond and the rebels had to retreat. Obregon received United States army munitions and material. Doheny paid \$5,000,000 to him, for fighting the revolution and he won in the end. Eugene Zaly was arrested and the Mexican Eagle was accused. The next move of Obregon was to make art. 27 non retroactive, but this was to be the seed for further trouble. Meanwhile in the States, a new battle raged between the Standard Oil and the "the Independants". The former wished no restrictive and prohibitive taxes on the Mexican oil, the latter favoured it.

Plutarco Elias Calles, son of a Syrian and a Mexican Indian girl, became President. He insisted on the retroactive character of Art. 27. Soon the Kellogg Calles dispute occurred, in which the former part put the latter part "on trial before the world" adequately proving that the Americans in diplomacy still were children. Diplomatic relations continued in spite of this, for American interests were too strong in Mexico. Calles' anti-Catholic measures shocked the Catholics in the United States, who started a campaign, which Washington would have gladly given her support to, but just to show how strong Protestantism is in the United States, Washington could not risk it, for a hue and cry would have ensued, saying that they were a tool of Rome.

A new issue suddenly appeared, Nicaragua, a banana republic and banana peel for the Americans. General Chamorro,

United States adherent had been defeated in the elections. He then assumed government by force, but the United States could not recognize him, for they had signed an agreement with the Central American republics, by which all adherents pledged themselves not to recognize any revolutionary government. The deposed President Solorzano fled to California and Vice President Sacasa claimed the Presidency. Civil war ensued. The Americans put General Diaz up as a compromise, but the Nicaraguans did not accept this man, for they considered him a tool of New York bankers. Incidentally Nicaragua has the nickname, the Republic of Brown brothers. The United States alleged that, they did not wish to compromise because of alleged orders from Mexico City. Dr. Sacasa meanwhile in the United States, had the sympathy of that nation, but when he heard about Diaz, he set out to foment a revolution. Mexico recognized him. A bit later the U.S. marines landed at Bluefields to "free" Nicaragua. But on November 11, 1926 General Diaz became President elected by a specially summoned Congress, three days after he obtained American recognition. The eyes of Latin America looked expectantly at their sister. The Nicaraguan revolutionists on the verge of military victory, were forced to make terms before the gates of Managua, the capital. Colonel Henry L. Stimson, had been sent to arrange affairs and he succeeded in dividing the camp: Sacasa refused to submit and accept the terms, but General Moncada laid

down his arms. Sandino the hero of Latin America against "Yankke imperialism" sided with Sacasa and continued his valiant defense; he made the guerilla war so effective, that he had all the American marines nervous and fretting. Even from treetops Agostino C. Sandeno's men shot at the low flying aeroplanes.

This ^Isate of affairs encouraged the American companies in Mexico of giving subventions to Generals Gomez and Serrano, who were preparing a military revolt. But they were caught and shot. Military successes were no more means of solving the affairs, but a new measure was being felt with greater pangs, the economic pressure.

A new diplomatic move had started, ambassador Sheffield was recalled and Dwight W. Morrow was sent instead. Relations improved considerably and Calles on the other side was slowly becoming a capitalist and great "terrateniente" and so did the ideals change. Proving that a government by the people will always degenerate and some form of plutocracy form like even in Russia.

A period of relative quietness, existed till 1908, when on March 18, all the oilfields were expropriated. To go over again the famous Art. 27 is a bit too tedious, as it already has been treated elsewhere in this chapter. Latin America solidly stood behind Mexico, so nothing drastic could be undertaken. Yet Great Britain severed diplomatic relations. Production had gone

down steadily. The dilemma of Mexico was to keep up a good production. Main producers had been El Aguila (R.D.S.), Compañia Internacional Huasteca de Petroleo (Doheny), Pennsylvania Mexican Fuel Co. and the Standard Oil Co. of Mexico.

Exports from March 1939 to December 31, 1938 were valued at \$10,095,500 and during 1931 ^{at} \$15,461,500. An Anglo-American boycott ensued. The only possible customers were Japan, Italy and Germany, the Axis countries. A MR. William Rhodes Davis of New York, an international oil broker with a refinery in Hamburg, Germany, got on a barter basis of 12,000,000 bbl. against machinery and they still are waiting for it; no wonder they so gladly took over the Nazifascist merchantmen refuged in her harbours. To Japan in 1940 it sold 340,000 tons of oil products.

No agreement was at that time reached between the oil companies and the Mexican government, who had evaluated the foreign properties at \$36,000,000, while only some years previous in 1928 it had evaluated the ^{same} at \$499,492,000. We are still in the midst of an unsettled question, but great hope is set on the moderate President Avila Camacho and it appears a settlement has been reached at \$40,000,000.

PETROLEUM IN THE UNITED FRUIT STRONGHOLD

Costa Rica with a population of 568,000 and independent since 1821, the coast of which is in the hands of the United Fruit Co., suffered on account of oil interests, generally speaking raw materials and constituted the only lapse in her surprisingly stable record of government. In 1919 when the secret oil war was waging between the United States and Great Britain, General Tinoco of a long line of old politicians of the country, leased to the British Controlled Oilfields (B.C.O.), a subsidiary of the A.I.O.C., especially created to combat the Standard Oil Company, a 6000 square miles concession.

We will see how this same company, although a commercial failure many times over, was kept going, to acquire concessions before the Standard Oil interests could move in; all over Latin America we find this new subsidiary: in Bolivia, the Bolivia Concessions Ltd., in Chile through an Australian line, the Chilean Oilfields Ltd., in Ecuador through the British Controlled Oilfields Ltd. (B.C.O.) and the Anglo Ecuadorian Oilfields Ltd.; the same in Colombia and Venezuela: everywhere she acquired concessions at one time acquiring leases to territories adjoining the Panama Canal, when such strained tension existed between the United States and Great Britain. It has to its credit having broken that nearly a century old Monroe doctrine.

Before the rise of General Tinoco, the Standard Oil had a concession given to her, covering some 9,000,000 acres. As this was cancelled at the rise of Tinoco, friction between the Standard Oil interests and the Royal Dutch Shell became very tense, especially as both resorted to their respective governments, using every possible means to oust their respective competitors. The United States as a consequence, did not recognize the new Costarican government, which had had the "affront" to cancel previous and precious concessions of "loyal American citizens", whose country at that time was under the impression that an immediate oil starvation was not far off. General Tinoco meanwhile received active support from the British; Vickers-Armstrong arms flowed. On the other side Brownings went to the Panamanians. A new war was in sight. The stone had already started rolling. Tinoco fled. In 1921 the British sent H.M.S. Cambrian, a new revolution^{was} stirred up again to obtain ratification of the concessions granted. What did another war or revolution matter in these parts, it would be just another one. War broke out against Panama. The Costaricans marched won the war and received as reward the territory of Coto, after the United States marines had taken it temporarily. Costa Rica had been saved for American interests. A 9,000,000 acre concession went to Doheny and another to Sinclair in Talamanca.

English capitalists saw their debts disappear, bit by bit and the British Parliament declared Tinoco's concessions invalid and recognized the Pan American Petroleum and Transport Co. concession as valid. A new loan was floated for the Costaricans at 6% interest.

Oil interests in this country are mainly concentrated around Point Cahuita and Talamanca. Concessions were granted on a 25 year basis and royalty fees are 1%.

In Honduras Concessions were also in American hands, in Guatemala oil is to be found on the Mexican frontier in the department of Yalapa and was being exploited by the Guatemala Petroleum Co. and the Guatemala Oil Corporation.

WEST INDIAN PROSPECTS

It is generally believed that there is a continuous petroleum source extending from the Mexican Yucatan, through Cuba, Hispaniola (Haiti and Santo Domingo), all the West Indies and Venezuela.

Trinidad is expected to have an output of 20,000,000 bbl for 1940, which makes it ^{the} most important of the West Indian isles. It furthermore is a Royal Dutch Shell and A.I.O.C. stronghold, lying strategically in the approach of the Panama Canal. I have already referred to its famous pitch lake. The controlling ^{company} is the Apex Oilfields Company.

Starting at the other end, we come to Cuba, which has had four exploration booms, but not one has revealed anything definitely yet, unless it is being kept quiet as a reserve. The Sinclair Company of Cuba leased in the province of Oriente 750,000 acres for exploration. In that same province which contains one of the worlds most important iron ore deposits, the Bethlehem Steel Corporation is holding back production for it constitutes the future reserve of the United States. Cuba's petroleum needs mount to 75,96,000 gallons in 1940, of which 58,581,579 gallons were of gasoline exclusively. Total production was 5,923,000 gallons in 1940.

Chief production areas were Bucaramo with 100,000 gallons and the rich ⁰Mtembo valley produced the rest.

The Sierra de Camajón, the province of Santa Clara, San Antonio de los Baños and Yara, in the Oriente province are new exploratory fields. Royal Dutch Shell has some fields leased in San Antonio, nearby also in Colon, in Matanzas province.

In the neighbouring island of Hispaniola we have Haiti, where some prospecting has been done. We remember how Lord Curzon in reply to the United States note at San Remo, had stated that the United States had pushed the British out of this island and Costa Rica. The principally interested companies are the Texas Company and the Dominican Seaboard Oil Corporation. Geologic formations are favourable and new oilfields can be expected to be found.

VENEZUELA

We come to the third producing country of petroleum in the world, the only country that has no external debts; royalties amounting to 12.5% have made it the only "rentier" state in the world; it produced in 1939 207,055,000 bbl. only slightly topped by Russia with 212,975,000 bbl.. Production had started in Venezuela in 1917 with a 120,000 bbl. production and General Gomez's able mind grasped the importance of this new product and ever since that day when by a "coup d'Etat" he upset the government of Cipriano Castro, a worse dictator, while the latter was enjoying a vacation in Paris, did he remain in power.

Sir Henri Deterding foreseeing the secret oil war, that would rage between his company and the Standard Oil after the war and wishing to pay back the Standard Oil for the deal perpetrated in Mexico, he quietly bought from the General Asphalt Company of Philadelphia, its subsidiary the Caribbean Petroleum Company for \$5,000,000. Finally he even took over the mother company. The other company, which was first on hand was the Venezuelan Oil Concessions Ltd., a cousin of the famous line of different Oilfields Ltd., which are subsidiaries of the B.C.O., who in turn is one of the A.I.O.C. Including the former mentioned companies, in 1927 they all controlled the

Venezuelan production. It was not until 1907 that the Standard Oil Company of Indiana, took up some claims. The Mellon interests then followed and finally Standard Oil Company of New Jersey awoke out of its lethargy; it bought the Creole Company and increased its capital to \$8,000,000.

The American companies had arrived too late in Venezuela, at least so it seemed at the beginning, but nowadays they actually control 60% and the Royal Dutch Shell group the rest of the output. Dictator Gomez had smartly invited the American companies to balance the British interests. He asked each one individually what they suggested and weighed one against another. He told them; "you are experts, we are novices. You know that kind of laws are adequate, you write them". And so today the combined oil interests amount to \$400,000,000 and Venezuela enjoys the confidence of the United States and Great Britain. Some 30,000 Venezuelans are employed and receive a minimum of 8 bolivares a day (2.52), which makes it the most expensive country of Latin America to live in.

Meanwhile the Standard Oil interests had extended itself, acquiring the Lagos Oil & Transport Co., and the Pan American Oil & Transport Co., which holds so many interests in Mexico, acquired land in the Maracaibo area, but to obtain some, she had to drill in the lake itself, for the English having occupied the land around the lake, the Americans were

forced to take the shore and the lake itself and incidentally it proved to be the best. Atlantic Refining Company another Standard subsidiary acquired a half interest in the Andes Petroleum Co., which held a 4,000,000 acre concession. California Union Oil acquired the Pantepec concession. Harry F. Sinclair acquired the Venezuela Petroleum Company and finally Gulbenkian, who later staged a war on Deterding, just here in Venezuela, held the Société Française de recherches pétrolifères au Venezuela, jointly with Pétrole de Caracas. The Gulf Oil Co. owns the valuable field of Mene Grande.

The Maracaibo lake district produces 80% of all output. Two new districts have been exploited recently: one in Eastern Venezuela, in the Temblador and Juspin fields. Here Standard Oil has El Roble a very promising new field. The other new district lies in the center, in Guarico, claims exist of the Caracas Petroleum Company, Socony Vacuum, Texaco and Standard Oil Co. of Venezuela. All the oil companies pay yearly on rental and royalty fees some 350,000,000 bolivares. The greatest producing companies are Lagos Oil & Transport Co. with a 800,000 bbl. output. A former oil company the Agwi Oil Co., used to deliver oil to the Cunard White Star Line, Royal Mail and Union Castle lines.

The Lake of Maracaibo offers one difficulty for transportation and this is a sandbank in front of the entrance

to the lake. Specially built barges have been constructed to cope with the situation and they have to wait until the sea tide is high, before venturing the passage.

Refining is ~~not~~ done in Venezuela, that is to say the bulk, although ^{refineries} nowadays more are being constructed. As Sir Henri, fearing the death of Gomez and a subsequent national revolution, preferred to build his refineries on Dutch territory on the isle of Curaçao, in Oranjestadt, although the duty for reimported gasoline ~~1%~~ into Venezuela is 30%, Standard Oil interests similarly followed his example and ~~but~~ built a refinery on the isle of Aruba. These two refineries constitute together two of the greatest in the world. The one at Aruba of the Lagoes Oil & Transport Co., produces 285,000 bbl. a day. Netherlands West Indies produce 600,000 bbl a day against a crude production of twice the amount in the adjacent area. In Trinidad 7 refineries have ^a refining capacity of 80,000 bbl a day and in Venezuela 6 plants produce 55,000 bbl. ~~but~~ new ones are being built.

A similar case like that occurred which in Argentina in the State of Salta Jujuy, happened in the state of Zulia in Venezuela. Perez Soto was its governor and this governor had great aspirations of becoming president of this new independent state. Unfortunately an oil ~~peace~~ was signed at that time and the affair blew over. There is an anecdote attached

to it and it tells us how Gomez, a very sly politician, closed an eye to these ventures of his governor, but was helpless because there was no means of reaching his governor, so he told him that there surely existed ways and means for both to agree to and reach a settlement. He was so magnanimous that he suggested they build a road between their respective capitals, Gomez would furnish the labour and the other would pay for the materials. Finally the road was ready and it lead right to the door of the governor. The next night a special motorized unit of the Caracas police swooped down on the palace and took the astonished governor prisoner. He had paid for his funeral.

THE LAND OF POETS AND PETROLEUM

In Colombia the neighbour of Venezuela and geologically a continuance of the Caribbean formation, production had started in 1921 with 67,000 bbl. and in 1939 it had jumped to 23,777.159 bbl.. Enormous sums have been spent in laying oilpipelines, through valley and over mountain to reach the coast, for all the oilwells lie deep in the interior and nowadays one still reads of Indians killing geologists. It is the famous Carare country, where the famous deadly poison is concocted. Colombias history will be divided into two parts, one dealing with Colombia proper and the other with it's connections to the Panama Canal.

The petroleum history of Colombia starts with a concession granted to a Frenchman Robert de Mares, who had obtained a 50 year contract in the heart of that dreaded Carare country. It was supposed to be some 3,000,000 acres large; actual survey indicated that it only had 1,130,000 acres, however a large enough concession. In 1916 the Standard Oil purchased its rights, but production was practically withheld for more than a decade. Standard operated through a subsidiary the Tropical Oil Co., which in turn was a subsubsidiary of the International Oil Co, which equally was in turn one of the Imperial Oil Co. of Canada, which also in turn is one of the Standard Oil Co. of New Jersey. In 1925 a 360 miles of pipe-

line were laid in 11 months with 8 pumping stations; it carries 53,000 bbl a day. As in Venezuela it had to construct refineries, factories, cities, railways and roads, boats and harbours the port of Mammoral slowly became a modern port and today it has a tank capacity reserved of more than 1,500,000 bbl. It has bored over 34,000 wells.

In Babbancabermeja in 1932, the first refinery was built for 2500 bbl. a day. The following list shows us where the crude production of Colombia goes to:

Dutch West Indies	4,858,410	bbl.
United States	4,019,989	bbl.
France	2,650,367	bbl.
Canada	2,242,777	bbl.

Besides private concessions, like the South American Gulf Oil Co. holds, the government concessions are:

Tropical Oil Company	7,857,000	acres
Société Européenne des pétroles	50,000,000	acres
Emilio Restrepo Callejas	25,264,000	acres
Luciano Restrepo Callejas	49,231,000	acres
Union Colombiana de petroleo	33,500,000	acres
Concession Barco	1,50,000	acres

Royalties differ according to the distance from the shore and vary from 11% to 1 1/2 %. The Luciano Restrepo concession was bought by Socony Vacuum Oil Co.. The Barco concession forms part

of Colombias history directly since the Civil War, which raged between 1899 and 1903, between liberals and conservatives, after the death of dictator Núñez. It was during this war, that Panama became an independant state; more of this later on.

General Virgilio Barco, as a reward for his services in having defeated the liberal forces, acquired a concession of 1,250,000 acres of land in 1905. In 1916 he had sold it to Standard Oil Interests. Millions were spent by that company in wiping out and pacifying the troublesome, civilization hating Indians. The next problems were to find an outlet for this precious liquid; a pipeline project over the Andes to the Pacific resulted in too much expense, the alternative was across the Venezuelan border, but a border dispute existed and when it was finally settled there was no possible agreement with the Venezuelan government. Added to this came the Supreme Courts decision, holding that the Titles were invalid. This problem was also handled, for a formula was found. All subsoil mineral belonged to the Colombian government, but petroleum flowed, so it was not considered a mineral and thus a loophole was found in the legislature. Therefore according to that, coal should be considered even less one, for chemically it is not much of a mineral. In 1926 Mellon through his Gulf Oil interests obtained the concession, because in ten years the Standard had not been able to reach a satisfactory agreement with the Colombian government, but Mellon arranged it in a few months. Its Colombian Petroleum

Corporation obtained 75% interest, through this new company, the other 25% was held jointly by a British Syndicate and Henry L. Doherty. Mellon who was Secretary of Treasury at that time in Washington, obtained not only a satisfactory settlement, but in addition acquired the right to build a pipeline across Venezuela.

But in that 25% interest Royal Dutch Shell had a share and it is connected with the Caribbean syndicate. Furthermore through Equatorial Oil Co., it has equally obtained a foothold in Colombia. In 1936 Texaco and Socony-Vacuum jointly bought the Barco concession for \$14,500,000 and started construction on a pipeline from that district to Coveñas, on the Gulf of Morrosquillo. A 263 mile project, was completed in October 1939, and can transport 30,000 bbl. daily if necessary. It constituted the greatest movement of freight by air in history. Which shows us, the great parallel between petroleum and aviation; for aviation has become the symbol of the twentieth century. Without it no nation can afford to strike or defend itself. Aviation has become the means of quickly transporting oil company officials to South America and all the merit goes to Juan Trippe and the Pan-American Airways. Transportation by air goes even further across the Pacific to the Orient and from there connections are made with the K.L.M. to the Near East.

For the Barco line construction four especially constructed and designed freighters and six other planes ferried 11,000,000 pounds of material and a total of 687,000 miles were flown. Five airports were constructed at Coveñas, El Retiro, Ayacucho, Tarra and Ordú. Famous firefighters owe their rapid transportation to the scenes of well fires to aviation, thus some went to Venezuela, others to Persia and the Dutch East Indies.

Even Colombia's political structure has changed due to aviation. For Colombia before aviation days, was really a Confederation of city states: Barranquilla hated Cartagena, Pasto rivalled with Popayan, businesslike Cali looked down upon "confrère" Medellín and up in the clouds of poetry stood Bogotá the Athens of Latin America, where every citizen thinks himself an accomplished poet. The Localismo was at the height of its career. Then under Restrepo and Reyes Colombia stepped forward. The long strife between favouring Pacific and Caribbean commerce was decided in favour of the latter. Petroleum had helped to decide this important issue. Aviation brought these isolated cities together. Government administration in Bogotá could be felt effectively everywhere in the country. And although we hear many nasty remarks about the German held Scadta, the merit goes to this company for having been the pioneer. Just imagine, a trip up to Bogotá along the Magdalena river takes three weeks, by

airplane it takes less than three hours! Aviation has created a bloodless revolution in that country, what a difference to the European countries just now, where its purpose is mainly for methods of destruction. We now come to the Panama Canal and the Yates concession.

Primarily the Panama Canal is of utmost importance to the United States, as a passage from the Pacific to the Atlantic. During the Spanish American War, the Pacific Fleet steaming at full speed, had to go around the southern part of Chile and arrived finally in Caribbean waters after the affair had blown over. Some few years later in 1902 on the 28th. of June, France and the United States signed the Spooner Act and the latter paid \$200,000,000 for what had been a \$100,000,000 investment in the Panama Canal. The same amount was again invested for purposes of sanitation and to help the Panamanians in their third attempt for independence. Panama and Veragua had seceded as a state of the Isthmus of Panama back in 1841, just over a 100 years ago. Again in the Granadine Confederation of 1853, the right to secede was allowed and Panama did so, however it soon returned. Finally Panama became definitely independent. The Canal construction was under way and it acquired additional importance, it became a petroleum supply base for the United States fleet, after it had switched to petroleum as a base for the firing of her dreadnoughts. Then finally

ly the Anglo American rivalry came up, and the possibilities of an armed conflict became imminent.

We saw the advances of the B.C.O. had made along the Caribbean coast from Mexico to Venezuela. Petroleum was the motive behind the conflict, and was also used as a screen, this being the reason why these developments interest us.

United States interests started when in 1846, it was preparing the Mexican war; it then applied to the New-Granada government for transportation rights over the Panama Isthmus. New-Granada at that time included the now independent states of Venezuela, Colombia and Ecuador, as well as Panama. We still see this today in the fact that the three first countries, still have the same colours in their flags. In 1850 the United States signed the Clayton Bulwer treaty with Great Britain by which they agreed to keep the canal if it was to be constructed, neutral. A similar treaty was signed between the United States and Nicaragua in 1857. On the other hand in 1878 Lieutenant L.N.B. Wyce of the Société Civile Internationale du Canal Interocéanique obtained a concession, which it sold to the First Panama Company for the sum of \$10,000,000 in 1879 for the construction of the Panama Canal. Ferdinand de Lesseps famous for his Suez Canal construction was the president of this new company.

But this internationalization of the Panama Canal did not meet with the approval of the new imperialistic United States. So she acquired rights in Nicaragua only to be shared between the two. She planned to construct the Nicaraguan Canal on her own account. But suddenly a new development took place, Panama was up in revolution against Colombia in 1898-1903, and the independence was duly assured, when commander Hubbard impeded an armed conflict, between Colombian forces and Panamanian insurgents. Thus Panama became independent; and a Canal Zone was formed for the Americans. And now we come to the actual contemporary history; the B.C.O. was acquiring concession after concession around Panama Canal.

We will examine one of the last ones the Yates concession. Colonel Irving Henry Frederick Yates landed early in 1927 in Colombia. He contacted the Minister of Industry to obtain a 50 year contract, a monopoly concession in the national lands adjoining Panama. Already another concession had been granted and was being exploited by Sir Alfred Mond, the British King of China, a gold mine in Veragua, who was also head of the Chemical Imperial Trust. All these concessions made the Americans very uneasy because they feared sabotage. They already had spanned chains across the locks of Panama and many a tanker and freighter (English) had dashed against it, but by a miracle nothing happened, no damage ensued. Was it sabotage or just a simple mishap?

President Wilson had already threatened to suppress the rights of passage or at least to substantially increase the fees. Extensive lobbyism went on in Bogotá, to save the situation as far as possible. But already the Yates affair had become public, the British had picked a very opportune moment, for the United States were having trouble in Mexico and Nicaragua. The Latin American hatred of "Yankee Imperialism" was lashed to fury and a new high was registered. The United States was nervous and agitated, she could not afford a military showdown, it had to be diplomatically arranged. Meanwhile the Yates concession held an utmost important clause: "to construct a railway or other means of communications of analogous or greater importance". The danger of a new Canal in British hands, had been the source of her fear, for the river Atrato flows into the Gulf of Darien and a canal could be constructed.

The President and the Cabinet had approved the concession, but not the Senate and here immediately, important Standard Oil lobbyism started making itself felt. Dr. Laureano Gomez denounced the whole scheme. He said: "there is something offensive to Colombians good sense in the manner in which Yates wanted to get the concessions". Canals were definitely a sore point of the Colombians.

At the same time, there was a discussion about indemnifying British interests in some mines, these claimed \$12,000,000, but they were willing to content themselves with the half of that amount and of course the Yates concession. This then caused public indignation.

Presidential elections came and a new radical president was elected Olaya Herrera, who broke with the Conservative political monopoly of government. Things changed completely. The affair blew over and a Mr. Yates left the country. Incidentally in the whole area, which was covered by the concession no oil sources have been found up to date.

MINOR OILFIELDS OF LATIN AMERICA

I shall now come to Ecuador, Peru, Argentina and Uruguay, and complete the recent contemporary Latin American developments with the Chaco War between Bolivia and Paraguay.

Ecuador with its 1939, 2,305,000 bbl. production is split into two camps, on one side the Pacific one, the International Petroleum Co., a subsidiary of the Standard Oil Co. of New Jersey, through which it holds a 10,000,000 acre concession. On the Trans-Andian side the B.C.O. Ltd, whose major ventures we have seen around the Caribbean coast, represented by the Anglo-Ecuadorian Oilfields Ltd., and the Lobitos Oilfields, this last one belonging to Sir William. All these British concessions are known under the name of Anglo-Saxon Exploration concession, which shows us how complicated these firms belonging and linked with each other can become. Anglo-Saxon Oil Co. is another Royal Dutch Shell subsidiary.

There are three producing areas in Ecuador, the oriental, andine and coast areas. The B.C.O. acquired in 1937 a large block of stock of the Inter Continent Petroleum Corporation, which had important claims in Mexico, Guatemala, British Guiana and Venezuela. All the British concessions have wandered to the Shell Oil Co. of Ecuador and besides it has acquired a 25,000,000 acre concession east of the Andes.

Following the coast line we come to Peru, another important oil producing country, where the majority of the claims are in hands of the Standard Oil Co. of New Jersey, through a subsubsidiary, that we already observed in Ecuador, it holds the La Brea and Parinas Fields near Paíta, on the Pacific coast, and a 400,000 acres concession in north western Peru. Vast conservation is applied by the company on account of superproduction of petroleum actually exsistant in the world and for keeping some by for a rainy day. Phillips Petroleum Co., another Standard Oil affiliate, obtained in 1927 a great concession covering 1,5000,000 acres in the Piura department. Concessions were revised in 1928 and granted on a 40 year basis. The Peruvian state or Peruvian citizens must have a 25% interest in any company operating in Peru.

Further tracts of oil producing areas are the Lobitos area around the Lobos island near the Ecuadorian frontier. Recent frontier clashes have without no doubt, had certain oil interests behind them, as the English influence is very marked in Ecuador. To the south other important fields are to be found around the lake Titicaca, but it has been declared a national reserve and Pirin.

Although a law exists in Peru prohibiting any foreigner or foreign company from acquiring concessions any nearer to the shore than 50 km., it can be overlooked and is so, by a favourable government, for a clause in this act referring

to it, states: "except in the case of national necessity, as declared by a special law". Perhaps here is the reason, why the frontiers of Peru are pushed onward! Laws in Latin America are a hundred per cent up to date, only they are never applied. The Law is solely made to apply it, in case of necessity, to the enemy.

New drilling tests have started in the Eastern trans-andian area; government explorations in the Northern National Reserve, which were bought from Piaggio y Hermanos, an independent oil company, which held the Zorritos field, dangerously near the Ecuadorian frontier, have been a complete failure up to now. They include a great concession near Berja, on the Marañon river, concessions on the Huallaga and Pachitea river have recently gone into production; it is between Masisea and Pucallpa that the famous Gancho Azul Field lies, it is about some 350 miles as the crow flies, north east of Lima and transportation of the precious liquid has to be made down the Ucayali river to the Amazon and from there to the Atlantic to be shipped to the world markets, which is the principal setback. Royal Dutch Shell holds interests in the Tumbes, Payta and Lamayegue regions. Peru produced in 1939, 13,677,000 under conservation plans, for in 1936, she reached a high of 17,593,000 bbl.

In Chile some prospecting has been done near the Bolivian border, but has proved unsuccessful. We remember how I mentioned the Australian venture, the Chilean Oilfields Ltd., but it has been a dismal failure. The proof lies in the fact that the Beggin patents have been acquired for Chile.

We then come to Argentina, where production is principally in the hands of the government. Just by mere chance, as they were drilling for water, in the Comodoro Rivadavia region, they found petroleum in large quantities. They became immediately government property and are exploited under the name of Yacimientos Petroliferos Federales (Y.P.F.). Further production centers are located at Plaza Huincal, in the State of Salta-Jujuy and Mendoza. Production in 1939 was 18,256,000 bbl., thus becoming the most important southamerican, non caribbean, producing country, since the production is partly governmental and partly private; some figures will be found interesting:

Location	Government.	Private	Total
Com. Rivad.	1,316,971	1,064,335	2,381,306
Pl. Huincal	101,862	104,664	206,526
SaltaJujuy	78,013	193,954	271,967
Mendoza	128,398	1,031	129,429
Total	1,625,204	1,333,964	2,959,168

All these figures are given in cubic meters, which corresponds to 6.3 bbl. A new field, exceedingly promising, perhaps to become a new Mexico had been found at Tupungato, it is government

Standard Oil and Royal Dutch Shell do not take great part in the country's production or sales. Royal Dutch Shell has a subsidiary called la Diadema Argentina, with a \$55,000,000 capital. German interests are also represented by the Kuikelin Syndicat (of the former Hugo Stinnes). Main independent producers are the A.I.O.C. and interests of British railroads, which are very important in that country.

The big trusts have to fight against popular dislike, South American countries resent very much everything that is foreign. In spite of that their politics are very shady and doubtful, and political intrigues are the order of the day. All the politicians seek to enrich themselves in the quickest way and they have no scruples as to how they go about achieving their ends, they accept these things among themselves, but become self conscious, when such a big company tries to obtain concessions, which is only of course quite natural and human. If there are men, who seek wealth and positions and are ready to sacrifice their nationality, why should such a company not take such men into its services? Should it shun its interests graciously, so that the respective country remains closed and undevelopped to the rest of the world? No, and no, it should take, and accept, all these possible services.

That is the situation behind the story of Salta-Jujuy, many criticisms have been directed against the Standard Oil. but had it not had the cooperation of the governor of the

state on their side, they could never have arrived at any important issue. All the Latin American countries should remember that, whatever the "damn Yankees" have done, they (the Latin Americans) have always played up to them and once a thing has been done, one must put up with it, and seek to diplomatically arrange the current problems and not to start to shout like a gang of schoolboys whose holiday has been cancelled for committing a foolhardy action. Production in the state of Salta-Jujuy is as we have seen, principally a private one; no wonder that the private companies with their world wide organization, should recur to extreme measures, when they are in danger of being excluded. What the ridiculous extreme minded, nationalistic and chauvinistic minded European states have come to, is a lesson Latin America should eagerly take to heart.

A thoughtful coöperation is of much more value. Relations will improve as the commercial seriousness of these nations improve.

Irigoyen of the Radical party, which by his adhesion notably demonstrates his tendencies, was in favour of Russian imports at that time, this of course meant a great danger to the two trusts; no wonder that they helped and were behind the coup d'Etat of 1930, which installed General Uriburu as president. He was followed shortly by General Justo, who continued his predecessors policy thus terminating the dangerous period.

Uruguay and Brazil are two countries, where extensive research and wildcatting has been done, but have not met with success yet. They depend largely on imports. In Brazil in the state of Bahia, research is going on under government auspices, for it is equally nationalized; but in spite of it, it is very favourable to American interests. Furthermore research goes on in the new Acre territory, which formally belonged to Bolivia, and lies near the new Peruvian field; much can be expected. Excellent waterways afford transportation facilities.

In Uruguay we have another monopoly the ANCAP, which has its own refineries, strange to say Uruguay the most democratic and social minded country of Latin America (I consider Mexico up to recently a demagogy and not a democracy)

THE GREEN HELL

Before coming to the major Chaco conflict, I shall trace the petroleum history of Bolivia itself. Back in 1912, Levandez of the Sindicato del Oriente Boliviano, obtained a 545,000 ha. concession. Royal Dutch Shell bought it. Then Richard Levering in 1920 acquired a 10,000,000 ha. concession in the Chuquisaca, Tarija and Santa Cruz areas. Meanwhile the Backus concession went to the A.I.O.C.

The Standard Oil ^{of Bolivia} then in 1921 was formed with a \$5,000,000 capital, it acquired the Levering concession, payed down a deposit of \$250,000 and a 11% royalty basis for fees, which in case of war were to be increased to 14%. It subsequently acquired the rights of the:

Compañia petrolera de Santa Cruz, a Chilean society with a 545,000 ha. concession

Compañia petrolera de Chuquisaca, with a 390,000 ha. concession

Compañia petrolera La Blanca, another Chilean society with a 500,000 ha. concession.

Furthermore Standard Oil Co. of Bolivia, a subsidiary of the New Jersey company, obtained the rights to explore 4,000,000 ha more of land. All were granted on a 50 year basis. Thus the Standard Oil acquired nearly all the concessions amounting to the sum of 6,600,000 ha. In 1927 Bolivia Concessions Ltd. ac-

quired a 50.000.000 ha. concession with an option on 20.000.000 more. A port built on the Paraguay near the Brazilian border gave hopes for a new prosperity era, but war clouds were already approaching.

Bolivia like all the Latin American countries is very touchy in anything related to herself. She considers herself with right, the most abused of nation of South America. In 1905 Chile took from her, her only possible outlet to the sea. Although she signed a treaty acknowledging the cession at the time in 1920 she denounced before the League of Nations this treaty and demanded a revision. All she had obtained was a railroad connection between Antofagasta and La Paz. Argentina had robbed her of the Southern part, which holds the important deposits of petroleum. Brasil had taken the Acre territory and now, her only outlet to the Atlantic, was contested by the Paraguayans, of course the principal reasons were the oil resources of that land.

The whole wealth of Bolivia cannot be expected to be exploited before an agreement has been reached, for Bolivia and the foreign companies need a possibility of transporting their petroleum to the world markets. The natural country it applied to for permission to construct a pipeline, through the territory of Formosa, was Argentina, who declined as all transportation including pipelines is in hands of the Y.P.F.. This necessarily had to start a friction, for the next item was to acquire an outlet on the Paraguay river. The first encounter took

took place in April 1927. The Panamerican Conference was just in session and it promptly arranged the matter, but two Argentine officers predicted a resurgol of the conflict, between those two nations.

The Chaco conflict had its origin in Paraguay. A young Spaniard, by the name of Luis de Torres, accompanied by a silent but very observing Guarani Indian, who constitute so to say, the secret police mainstay of Paraguay, went into the Chaco territory, where he became very attracted by some ground seepages of petroleum. Centuries to fore, myth about "Agua Negra" had already existed, probably being nothing else than water with a film of oil deposits.

Back in Asuncion, the capital of Paraguay, he visited by chance the "Oficina Internacional para las concesiones territoriales, financiamiento y dominios similares" (International Office for territorial concessions, financing and similar domains), this office was nothing else than a front set up by Don Batiño, the Tin King, for commercial purposes and of course commercial espionage as a sideline. Batiño soon personally hears of this young man and as he is the only one having sufficient capital, Torres turns to him. But already certain forces are mobilised in Asuncion itself, other interested parties, who without any doubt have already heard about the ground seepages from the Guarani Indian, and Torres has to flee by night, after a series of adventures, he arrived at

Cuyaba in the Matto Grosso, Brasil. A reward is put out for his capture. He finally arrives at La Paz, Bolivia and has an interview with Don Patiño.

In 1901 the skirmishes and border clashes started anew, popular enthusiasm grew on both sides. In 1902 as a last endeavour, a Bolivian commission visits Asuncion, and tries to reach an agreement, they offered to build a port on the opposite side of Asuncion, and to pay 10% of the total revenues of the country. All to no avail, war was on before the year had passed. From now on Rockefeller and Patiño marched together; incidentally the Standard Oil had been in the United States the greatest tin consumer in 1901. Important Guggenheim silver and copper interests were also mixed in. Armaments flowed again on both sides, of course Vickers on one side and on the other Remingtons. It was not until 1904, that an arms embargo was enforced, and at that, when the battle was already decided. For in spite of 3:1 superiority the Bolivians lost, they were accustomed to the enormous heights of Bolivia, and not to the hot swampy Chaco regions. Furthermore the Guaranis are one of the most warlike Indians of the whole American continent. Of course on the other side, the Paraguayans we find Royal Dutch Shell interests, combined with B.C.O. interests. And in spite of a brilliant organization due to a German General, the Bolivians lost the war. It constituted at the same time a victory for the Standard interests but the victory was very short lived. Popularly the war was

called "la guerrita del 14%" (the little war of the 14%), for we remember that in time of war, this royalty fee augmented to that sum. Dr. Salamanca, the Bolivian president, proclaimed that the war was being fought to break the fence, which surrounded them, to obtain an outlet to the sea for their petroleum. In the legal field it presented claims, stating that they dated back to the times when the Chaco had formed part of the Audiencia of Charcos, thus laying claim to the "uti posseditis iuris", as Bolivia had been the center of that Charcos Audiencia.

After the war, on both sides, the leaders of the campaigns became popular and national heroes; they made "coups d'Etat" and ever since they still are in power. The Bolivians turned germanophiles and no settlement can be expected, until a political or civil president has again assumed the state powers. These two countries would without no doubt, turn totalitarian if Germany won this war.

In 1937 in Bolivia the expropriation of Standard Oil's concessions took place and the Yacimientos Petroliferos Federales Bolivianos (Y.P.F.B.). What a sad story it represents, production has dismally fallen, like in Mexico, and especially in these highly grafted states, where differences are so great between the Indian population and the whitish upperclass, that they do not stand a chance of ever recovering. I recommend to keep an eye on these regions, for something is surely to happen

P A R T I I I

OIL EMBARGOS ON ITALY AND JAPAN

Before this tragic, though inevitable war, we all remember that war staged by the now coward-partner of the famous Axis; the italo-abyssinian war of the middle of the the last decade. The first expansion of the southern Axis partner, determined to find a place under the sun and among the negroes, where to send her excess population, a new Lebensraum. Italy forming part of the ill-fated League of Nations, was to have been prosecuted, according to art.XVI of the covenant. They went so far as to sanction certain materials, but when it came to oil sanctions, there was a different story. First of all Italy's reaction was totally different, whereas in other cases, she had prepared herself for the eventuality; in this particular case, she menaced with reprisals. Mussolini ordered certain troop movements, whether that meant rushing troops to the Empire or to France's border did not appear clearly. Mussolini himself declared, that he considered the oil embargo as a war act.

Among the members of the League of Nations there were two tendencies. One the English and the other the French who were trying their best to have the Italians on their side fearing the alarming growth of power of the new Third Reich. The English lead by Anthony Eden, wished the enforcement of

of sanctions. With great reason, for they feared a powerful colony, at the border of their model administration colony of Sudan, who might want to establish a Tripoli Addis Abbeba line, which would have been against the British Empire policy. Last not least, the whole and sole effect of these sanctions, were that Italy became the friend of Germany, when this could have been the occasion for making her an ally instead of a foe because Italy at that time feared having a strong Germany at the Brenner. She was quite alarmed of having a strong Germany as a neighbour, when it took over Austria; the proof, she sent reinforcements to the frontier. We already see how far this German penetration is proceeding in Italy. The Allies only have to blame themselves, after all Italy is more important to the white race, than the kingdom of Ethiopia.

Following, will show you a list of the production percentages of the main producing countries of the world of petroleum at that time and importation percentages of the of the countries supplying Italy at that time. It must be remarked that Italy, apart from a very infinitesimal home production depends exclusively from outside production.

World Percentages of crude production		Italy's importation percentages
Iraq	1,6%	2,2%
Netherlands East Indies	2,7%	12,5%
Roumania	3,7%	46,5%
U.S.S.R.	10,7%	13,1%
U.S.A.	59,1%	6,3%

From the following list of oil producing countries, we see that the United States is the main producing country and it does not form part of the League. Colombia, Iran, Iraq, Mexico, Netherlands East & West Indies, Roumania, Trinidad, Peru, U.S.S.R. and Venezuela, are the main producing countries. The effectiveness of the sanctions, especially the oil embargo depended on the cooperation of the United States and Germany. The latter had left the League, so Italy had the enormous free port of Hamburg at her disposal with her refining possibilities of over a 3,000,000 tons a year.

Quoting a French representative to the League's Committee for Oil Exports, he said; "the diversion of a single consignment would enable a country at war to continue its operations for a considerable time". Italian forces consumed 20,000 - 30,000 tons of gasoline a month. A tanker of 10,000, can transport 13,500 tons and 8 trips can be made a year. So we see the importance of the aforementioned statement. Germany had at that time a 90,000 ton oil tanker fleet, as well as the United States who had a 300,000-500,000 tanker

fleet free according to the season. They could have furnished Italy with sufficient gasoline; for instance the gasoline could have been transshipped in mid ocean to an Italian tanker, thus assuring an adequate supply, so the oil embargo became ineffective, just like in 1932 it had been a failure with respect to Japan.

Shortly before war broke out, Italy's petroleum consumption amounted to 3,000,000 tons per annum and 1,000,000 tons were consumed by the Navy.

In 1934	Albanian	oil	production	was	6000	tons
1935	"	"	"	"	50,000	"
1938	"	"	"	"	250,000	"

The Albanian fields

They are located at Devoli, from where a pipeline leads to Valona, with a capacity of transporting 1,000 tons a day. Two refineries are located at Bari and Livorno; here 80% of the endproducts are highclass lubricating oil and 80% highclass aviation gasoline. The Albanian oilfields produced only 10% of Italy's needs, that constituting one of its main reasons for invasion. Italy depends now during the war entirely on what Germany will allow her graciously.

We will now consider Japan, since its early origins to present day conditions. The Standard Oil Company had tried her hand in Japan, in Cehigo, but due to poor rendition, left and abandoned all further development. The Japanese became interested though and a commission visited Roumania to learn production methods

Japan figured next in the "oil limelight", in the Sakhalin problem. This island just north of Japan's northernmost island, had been occupied in earlier stages by them, but the oil was laconically in the northern part of the island. Then came the massacre of Nikolaievsk, the Japanese shouted for revenge and at that time an earthquake had destroyed the oil reserves of the Navy and they were in a pretty desperate position. The major obstacles were the Sachaline Syndicate, Ltd., and on the other hand Harry Sinclair was negotiating with the Russians a concession which included building two ports by United States engineers. This of course alarmed the Japanese who were already preparing the actual war. Japan moved and occupied the southern part of the island. The United States protested and Japan's answer was to detain the two American engineers.

Finally an understanding was agreed upon and in Peking, comrade Karakhan and Baron Joshizawa signed a treaty in which Russia granted Japan a concession for 99 years and Japan retired her troops. In June 1925 a Japanese delegation visited Moscow, among them Okamura Matsuo, president of the powerful Mitsubishi. The Sakhalin oil was founded and the Kita Karafuto Seho Kaisha (North Sakhalin Petroleum Co.)

In 1932 Japan produced 241,000 tons and consumed

300,000 tons. The importation of petroleum, especially in the last years of the last decade, amounted to 80% of her total necessities. Of this a substantial amount wandered into huge underground deposits and when it had accumulated deposits for a 3 to 4 year war, it was in state of being able to stage a war in the Southern Pacific. In the last years oil was being exclusively used for military purposes. Japan's chief problem was, is and will be petroleum and in second place rubber, thus we will see that her whole campaign was concentrated on obtaining the precious liquid, with which to fire her Navy and to keep her air superiority.

Let us analyse as far as possible the actual production of the Japanese conquered countries, as well as her

own production: in 1939	Japan produced	380,000 tons
	" Sakhalin "	260,000 "
	" Synthetic "	80,000 "

It imported in 1939 3,845,000 tons of petroleum and in 1940 4,300,000 tons. From the oilshale beds in Fushun, in Manchuria she derived 3,150,000 bbl in 1940 and in that same year her synthetic production, mainly based on the Fischer-Tropsch method, jumped up to 17,000,000 bbl. (2,600,000 tons). We can safely assume that her own homeland production has been stepped up, since reports in the Oil Weekly, say that they were starting to drill to depths of more than 10,000 feet. Her synthetic production can equally be expected to go up. Her

tankerfleet is quite appreciable, amounting to 429.790 tons, which permits a substantial conveying of her armed forces.

The actual tension started, when the United States "froze" the gasoline sales to Japan. Just like Germany, it was was waiting for "Der Tag", this being the day when she would have enough petroleum in reserve to be able to undertake a major war. First it moved south taking Hainan, then came her thrust landinwards, with the object of taking Hong-Kong, which eventually fell. Then it turned its attention to Indo-China, after France's fall, occupying Hanoi. Also was she trying to force the Netherlands East Indies, to give her a greater share than the 10,000,000 bbl. it received from the 61,000,000 bbl. total production, of which $\frac{2}{3}$ came from Sumatra, 21% from Borneo and 10% from Malacca. At the same time it was undermining Siam, preparing her thrust towards Singapore for rubber and as a point of attack to obtain the petroleum of Palembang and Langkatt on Sumatra. Meanwhile the attack on Pearl Harbour had taken place and after having forced Mac Arthur into the Bataan peninsula, it subsequently overran Borneo, with its three main producing centers of Serawak, Brunei-Miri, and Balikpapan. Celebes and Seram were also occupied, in fact only where there was oil to be had did they attack. Although everything has been destroyed, especially highspeed drilling apparatuses of German origin or patents are being brought on the spot and new wells are dug be-

sides the inutilised ones. In a matter of a half a year or perhaps three quarters of a year, production can be expected to have resumed and that means that the production of all those countries, I have just enumerated, amounting to 70,507,000 bbl. will be entirely at the disposal of the Japanese. Japan depends at the moment entirely on the accumulated reserves. If she were to take the Sakhalin island, it could expect a 4,000,000 bbl. production. This will become eventually an economic necessity in case it is defeated in the southeastern Pacific.

" The house of Mitsui owned in Texas, in the United States of America, some oilfields"

WORLD WAR II

On September 2, 1939, World War II had started. Some days previous, the German armies blitzkrieged into Poland and overran it. Why? "Der Tag" had been announced to the Führer, through Fieldmarshall Hermann Goering. The German reserve stocks had reached a sufficient high level to permit the starting of the war of expansion, the Drang nach Osten; Poland was invaded and history could claim its fourth division. On the other side the Germans were prepared for a war with her principal rival England and her already bought France. They took over the Galician oilfields, without much ado; everything happened so quick, that the Allies remained dumbfounded, France remained it for the rest of the time, which was quite short and lost, an awful smudge in her history. England, alone, defeated but unvanquished, survived, recovered and fought back, proving to the world, that the lion had still a stout heart, but that is about all, because without United States help history would have another story for us.

So after a lull in winter, during which they accumulated important reserves, they opened their famous attack on the Low Lands, Belgium and France, finally breaking through at Sedan, already once the place of fate for France. From that day on all Allied communications were so confused,

receiving reports 24 hours too late, as General Bert has stated. And what this precious time meant we all know. It was a victory that sallied forth on a wave of oil: oil for the tanks, oil for the Stukas, oil for the motored transportation. And oil is going to decide this struggle. Finally the retreat of Dunkirk, where for the first time the R.A.F. gained aerial supremacy over the Germans, losing a fourth of all their fighter planes and pilots. Never was so much owed to so few by so many, as Winston Churchill put it.

Then came the major German fault of the year, concentrated on invading France, the Germans had they launched their attack on the British isles, would have conquered them. But a grave fault was committed, England was saved, finally awakening, due to the strenuous efforts of Winston Churchill.

Three months later the famous summer months of aerial Blitzkrieg on the British Isles had started. This was the second great danger England had to overcome. The Germans also failed here due to two important factors, one on their side, inefficiency of being able supply the necessary amount of gasoline to her planes and the other that the English let their cities open to bombardment and did not send up their fighters, thereby saving their fighter force.

Captain Sherman B. Attlick of the New York Sun, makes a careful study of the physical, mechanical and geographi-

cal problems the German Aerial High Command had to face. Supposing the Germans plan to send 10.000 to 12.000 planes over England, this amount is considered to be the maximum one can send over. We thus take the amount of 12.000 planes, in waves of 500 each. In less than nine hours, the whole force, will have attacked England. 8000 would be bombers and the rest fighters. What does Germany need in gasoline and oils? That is the vital question. She needs the following items:

First airfields

Lubricants and greases

Munitions, high explosives and bombs

Tractors for hauling airplanes out of the undergrowth

Last not least an excellent system of communications

I could go on citing all the other array of necessary and indispensable things or items. The amounts one reaches, to have a 12.000 airplane force in the air, are really unbelievable. One's own judgement is nearly always too conservative. Germany failed to get it together and that is the reason it failed. Again petroleum had been the vital question.

The Germans basing themselves on the Italian general Giulio Douhet's theory, were partisans of the attack "en masse". They were prepared to lose 80% in the first wave, 70% in the second and so on. If a nation could risk losing, it had to win in the end. The Germans nearly won. Never in all

the attacks were they able to put more than a 1000 planes in the air.

Each Messerschmidt 109 consumes something like 400 liters of gas an hour. 1,500 would need 600,000 liters, 4 patrols of 1,500 planes each for 8 hours would need 19,200,000. Consider these figures, when one realizes that 1 U.S.gallon is equal to 3,784 liters. And then these figures are only for the Messerschmidt, and not a multi engined bomber. This of course means the installation of underground tanks near the airfields, whose capacity shall we say amount to 60,000 liters each. And now comes the point, these have to be continually replenished by trucks, about 10 of them for each field. Furthermore only high octane gasoline can be used in aviation and the problem is to concentrate the necessary amount at the appropriate moment.

In lubricants the same Messerschmidt uses 12 liters of oil per hour, we then would need 576,000 liters for 8 hours, just as the last example always remembering that that amount is only for 8 hours! In arms we would need 3,000,000 shells for the 1,500 planes for each patrol flight, which in 8 hours would mean 10 million, that is excluding the cannon shells. Think of the servicemen that are needed for such jobs, constantly checking and loading the incoming machines. The enormous task is to reunite these fantastic quantities in

the limited number of airfields near Great Britain. I think the Germans failed in that task, even with their splendid organisation, it was a too hard a nut to crack.

After the "fracas" the Germans turned their attentions towards the Balkans. The Drang nach Osten was substituted for a Drang nach Süden. The partition of Poland, in which Russia took part, was made with the object of obtaining wheat and petroleum, just as the peace of Brest-Litovsk had been made and called "der Brot und Petrol Friede", which means the bread and petroleum peace. I am afraid the Russian shipments were not according to the German organisation requirements and by now Germany has turned on Russia, attacking the Ukraina, but let that be handled further on.

On the Balkans her objective, the immediate one, was Roumanian oil, then her further conquests Iran and Iraq. Carol fled to Spain, his son Michael became King and Ion Antonescu Prime Minister in the Germanophile government. Nature even seemed against Roumania, an earthquake came and did considerable damage, although I have not got exact numbers of the damage done, in particular to the oil fields. Even if the wells were destroyed, actual high velocity drilling, can drill to depths of considerable size in less than a month or three weeks. A fact very important to remember that a destruction of Russian oilfields is utterly useless, apart from the fact that they have not the time to destroy all these hundreds of wells.

To give an idea of what the Germans are actually hunting for, I will insert here the production figures of the world in petroleum in 1940:

Dutch East Indies	3,0%	61.6000000	bbl
Iran	3,8%	79.815.000	"
Iraq	1,5%	31.165.000	"
Mexico	2,1%	42.000.000	"
Russia	11,0%	223.000.000	"
UsS.A.	65,0%	1.310.000.000	"
Venezuela	10,0%	205.000.000	"
Rest of S.America	2,8%	46.000.000	"
Roumania	2,8%	45.999.000	"

The small but important production of Roumania was very sought after by the Germans and constitutes one of the principal feeders of the German Panzer and Luftwaffe. Russia's output in German hands, would certainly open the way to that world union Herr Hitler wishes in his way. No wonder that General Wavells army, American equipped, is already seriously contemplating helping the Russians in their defense of the Caucasus oil. What are some million men, when it comes to defending Black Gold?

We have been analysing Germany's strategic plans let us analyse Germany herself, how she stands in the production of gasoline. In 1929 Germany produced 100.000 tons
1933 " " 300.000 "
1938 " " 600.000 "

This was due to the new fields in Celle, near Hanover, the field of Zitterdorf^S near Vienna is also included. In 1939 the Polish Jasle production of 3.920.000 bbl was added, as well

as the 502,000 bbl production of France in 1940. Let us see what Germany has actually obtained through her conquests:

Romania	45,997,000
Germany	4,557,000
Poland	3,920,000
Albania	1,386,000
Hungary	771,000
Austria	745,000
France	502,000
Czechoslovakia	121,000
Italy	<u>91,000</u>

58,090,000 bbl.

Civil and industrial oil consumption in the Reich is about 28,000,000 bbl annually. The occupied territories need some 14,000,000 bbl, together some 42,000,000 bbl. The Navy and the Luftwaffe are not the great consumers, but the Heer and there especially the motorised divisions. During the French campaign 1400 bbl of oil were consumed daily. Thus we will assign the military consumption some 14,000,000 bbl. The capacity of the 60 refineries in Germany are 3,500,000 tons a year. They are located at Hamburg, Harburg (Petroleumhafen), Misburg, Lichtenberg, Ostermoor, Mannheim, Pardubice, Bratislava and Floridsdorf.

From the two forms of synthetic gasoline, one which is obtained by hydrating coal under high pressure (bergius) or through the hydrating of carbon oxide under atmospheric pressure (Fischer-Tropsch) in 1941, 2,500,000 tons were obtained. One ton of oil is obtained from 4 tons of coal

The largest synthetic gasoline plants are located at Leuna (400,000 tons), Gelsenkirchen (300,000), Bottrop (200,000), Pollitz, near Stettin (1,500,000), Brux, in the Sudetenland (1,000,000), Magdeburg, Böhlen, Zeitz, Geiseltal, Oppen and Wesseling. These all work on the Bergius method. Schwarzheide, Essen, Bochum, Ruaxel use the other method. Cost of this synthetic gasoline is about triple the price of ordinary gasoline produced from petroleum.

R.A.F. attacks have already been made on Gelsenkirchen, Pollitz, Hamburg, Bottrop, Leuna and Mannheim. How important the British High Command considers these attacks can be deducted from the fact that of 1500 incursions over Germany, 500 were directed against such refineries and synthetic production centers. Actual gasoline shortage in Germany is thus not possible, if she has any trouble it will be transportation problems. On the other hand the Germans have declared to have destroyed the oilstores in East London, Barryport and Pembroke.

But Germany's problem is lubricating oil. In 1939 it used 600,000 tons. Roumania only produces 60,000 tons, Germany needs approximately 1,000,000 yearly and must provide still more. That is why no olive oil is to be had in Italy and Spain, whose total production amounted to 620,000 tons in 1940.

We remember the first phase of the Lybian campaign, led by Marshal Graziani and its ending in a dismal failure. This terrible failure, aside from the fact that the Italians love to run, was the utmost shortage of oil. This being also the fact behind the new Rommel drive, who having got sufficient supplies was able to resist the Anzac drive and even drive them back again.

The Irak government under the leadership of Rashid Ali, was in contact with Germany; the revival of the old Berlin Baghdad line policy. The Germans were after their 31,000,000 bbl output and to cut the pipeline to the Mediterranean. This would be only another milestone, as the ultimate goal, is to take Iran and the Suez Canal, the loss of which would represent an enormous loss to the Empire. Cairo is nearer to Berlin, than to London; after the war we shall hear more about all these machinations and perhaps we shall hear of a German Lawrence; Dr. Grobba the German Minister had plans drawn up to sign a new treaty, which was to contain the following important permits:

- I Cancellation of all treaties existent in relation to petroleum
- II Concede to the German Reich the right of transit (in view of taking Iran) along the Baghdad railroad as well as twenty kilometers on both sides.
- III Surrender of all airports to Germany for the duration of the war

In number II we see again that famous Berlin-Baghdad line policy appear, as we have already treated it elsewhere.

But the Near East political disturbances related to petroleum were not only in connection with Iraq, also Iran figured in the headlines. We already saw how and why the Shah was opposed to the English. At the beginning of the last decade Iran, nationalised her oilfields, with the subsequent sending by Great Britain of one of her warships to the Persian port of Abaddan. The League of Nations intervened and submitted a new proposal which included a raise from 16% to 21% of the net profits; this was conceded to the Riza Khan, plus a tax of 3 pence on each ton of crude. In 1941 the Shah alleged the English were deliberately faking the profits report. Friction ensued and the Germans took the opportune moment for trying to make a Persian Fuhrer out of the Shah; alarmingly German "tourists" appeared and this time England, was not caught unawares, she had already learnt her lesson and dealt the Persian lion, a rap on the head in conjunction with the new "friends" and allies, the Russians.

What did these new friends have to do with the affair, two things; preparing the bridge for the Russian aide, and perhaps here is a diplomatic move of killing two flies with one hand. Namely in case of collapse of the Russians, to step in and amend the fault of General Dunsterville. On the

other hand the Russians as we remember cherished the Northern inaccessible Persian oilfields too much, as to want British soldiers so near.

Should Germany have taken possession of Iran and Iraq, the petroleum thus acquired, could only have had a local importance, like for their war machine and aeroplanes. Communications with Turkey and Europe are very bad, only just recently the Berlin-Baghdad railway has been completed and all the tank cars available in that region, including Turkey would amount to 150 tank cars, which is hardly sufficient to meet the urgent needs required.

Peace has once again come back to these countries, but for how long?

On the other hand we have Germany, preparing for peace, if SHE wins. Dr. Walter Funk, Reichsminister for Economics, is said to have formed a new oil company, the Continental Oilgesellschaft with a capital of 80,000,000 marks this capital is said to have been subscribed by all pure German oil companies, except the D.A.P.A.G and the German Shell. A further step to eliminate private enterprise and to oust anglo-american oil companies from their world markets. And this being at the same time the fundamental reason of the actual struggle.

Before ending my thesis, I come now to the question of petroleum and its rationing in the United States and Canada. Two facts must be kept here clearly in mind, first that these two countries, have the greatest amount of automobiles per capita of the world, which practically means that their whole life is nearly centered around it. Furthermore we must keep in mind that the United States of America has been steadily producing for the last years 60% of the worlds total petroleum output. Thus an oilshortage cannot exist; the only problem that could present itself would then be a transportation problem. Transportation to the East coast and Canada is partly done by tankers and by pipeline. First we shall have a look at the United States East coast. Pipelines are being built in all haste, pipelines run from Baton Rouge to Greensboro, from Port St. Joe to Chattanooga and from Portland to Montreal. Projects are under way for a pipeline from Shreveport to New York. Anyone interested in economics knows that the problems of the last decades have not been underproduction but overproduction. Less than a half a year ago the gasoline market registered the lowest prices since 1933. In view of that, the flow of some wells, was actually cut down some 10%, according to conservation laws. An increase in production can be easily achieved and 30% more can be turned out at a moments notice. Oilrefining capacity has gone up some 20% during the last 10 years

and 25% more can be produced. The same goes for aviation gasoline. Octane value of gasoline has been stepped up considerably and it is possible, that this higher graded fuel, is what is going to decide the outcome of this war. Discarding propaganda and patriotism, an English plane will never be that superior to a German plane. For whatever each contrincant adds to his plane the other will do too; the only difference that possibly could exist will lie in the stamina of the motor and its performance. Germans not possessing the excellent American high octane fuel, have tried to do without it, by the direct fuel injection system. Octane values, without wanting to give a chemical explanation, are based upon the degrees of iso-octane contained in fuel. The higher the octane index, the more compressible it is. This means either higher performance or lower consumption. The latter gives extra range, while the former gives increased speed. The difference between a 87 octane and 100 octane corresponds to an increased performance of 15% or a reduced consumption of 25%. What an increase a 120 octane value, will mean, is clearly to be seen and this is what will largely influence aerial warfare. To produce the special gasoline a highly developed "cracking" industry is necessary, which the Germans do not possess. To go over the 100 octane value, synthetic hydrocarbons have to be mixed in, as well as tetraethyl lead. This in-

vention is claimed by Thomas Midgley, an American. Proportion of this lead is around 1 to 1000. The United States are the ones, who hold nearly the world's entire monopoly. Production in Dutch West Indies, Dutch East Indies and Iran is becoming of increasing importance. The total refineries of the United States produce 4,500,000 bbl a day! Of this 1,000,000 bbl of aviation gasoline is produced per month and it will arrive at 2,000,000 bbl.

Back to the problem of oil shortage on the East coast. Untill recently 95% of the oil consumed in that district came by ocean tanker. Normally 250 tankers ply between the Gulf coast and the Atlantic seaboard, of these 50 were sent to England, although, a convincing reason has not been given. The leading statesmen have said that they constitute a necessity, but oil men, the specialists in such matters, tell us a different story. Britain owned before the war about 435 ocean going tankers, after the fall of France, Holland and Norway, she actually doubled her fleet. Britains tanker fleet was mainly used between the East Indies and Japan and from the former to Australia and other adjacent countries, in other words it was mainly the tanker fleet of the Shell, so all we have to do is to follow their possessions and points of communications to know where they ply. This powerful company obviously does not wish to expose her tankers and then remain after the war without any, while her opponent the Standard Oil interest remains

with hers more or less intact. That is the story behind the so-called "Lost" tankers of Britain. Convoys getting over in greater numbers to Britain are taking twice as long as they should. James Moffat, oilman, stated: Britain should be all out for aid to America, where inefficient operations endanger the petroleum supply for both home and military requirements. Not transport problems are behind the scenes, but far greater ones, political ones. For through a rationing of the gasoline, the people are made more war conscious, for it affects practically everyone. But since we are living in a democracy, we should have the privilege of having the things told openly, and not behind the back, like in the totalitarian states. About 150 tankers are being built and 40 will be ready by this spring. Around 20,000 idle tank cars meanwhile lie useless and are not being used.

Up till now I have only spoken of the United States, now I come to Canada. There we must distinguish distinctly two different zones. Those served by tanker and those not. The Maritime provinces and Quebec fall in the first group, the others have either oilpipelines or production of their own like Alberta. The ocean tanker requirements for Canada (Maritime part) are 1,336,000 bbl of ship tonnage and there is much more than that available, around 2,000,000 being at the disposition of Canada. Canada's requirements are 64,000,000 bbl

a year, according to the statement of Munitions Minister Howe. Furthermore, a \$8,500,000, 263 mile long oil pipeline has been built connecting Montreal and Portland on the Atlantic seaboard. It will carry 60,000 bbl a day, according to news printed in the United States, yet the Canadian press, lowered it from day to day. That gives us 23,900,000 bbl a year, according to the former amount. Following is a list of what Canada's requirements are and what she can import:

by the new oil pipe line	33,600,000
by Sarnia " " "	10,700,000
by lake tanker	13,800,000
by ocean tanker	<u>30,000,000</u>
Total	88,400,000 bbl

This total is actually far more than the 64,000,000 estimated by the Hon. Mr. Howe, as the requirements for Canada in 1942. Instead of rationing it would be very recommendable, that Canada who has the greatest estimated reserve of the world in petroleum, be more explored. It has an estimated 250,000,000,000 bbl reserve. In 1939 the production was 9,846,352. bbl and petroleum crude imports were 1,227,660,000 gallons.

" The reserves of the United States of America were at the beginning of 1941 20.099,758.000 bbl and about 2000 acres were in production, It is however estimated that about 1.100.000.000 acres will be able to produce petroleum in time, that is some 53% of the whole of the United States, according to the estimates of doctor Egloff, of the Universal Oil Research Laboratories, in Chicago."

"Without taluol, the war would have been lost."

Henry Bérenger

Since oil and gasoline can be produced from coal, like in Germany, oil supplies will be assured for the next 3000 years if its necessary, as they can extract it from the trillion tons of coal reserves of the United States. A ton yields about 50 gallons. I said if its necessary, because by then the world will be probably impulsed by Uranium 225, or some new form of energy.

The worlds petroleum consumption during 1940 amounted to 2.023.883.000 bbl, military requirements according to V.R. Garfias are 203.000.000 bbl, 40.000.000 tons more than in 1931, so 5% more than in 1939. Since 1932 oilconsumption has increased 53%, having being 1.327.807.000 bbl in 1932. The United States consumption is today nearly as big as was the

the world consumption, 1.233,000.000bbl. It has increased 48%.

1 U.S. barrel	42 U.S. gallon
1 U.S. barrel	6/5 Imperial gallon
1 U.S. barrel	119,4 liter
1 U.S. gallon	3,7854 liter
1 Imper. gallon	4,5400 liter
1 U.S. ton	1016 kg.
1 U.S. ton has approximately 7 barrels.	

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