

**SOWING THE SEEDS OF NATIONALISM:
EMPIRE, CULTURE AND BRITISH BUSINESS**

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This paper will explore how an early adoption of and association with imperial culture created a legacy for British multinationals which had substantial and far-reaching effects, sowing or feeding the seeds of economic nationalism. Using case studies of one service, one manufacturing and one extractive British multinational, the paper will examine how these companies developed what could be called an imperial culture in the period c 1890-1939. The firms developed strong links to both local and British governments, appointed those with imperial experience to their Boards, and gave overt emphasis to the contribution of the company to imperial ideals and objectives. Companies exploited such connections in attempting to gain commercial, legal and economic advantages over the host populations, who were subject to social, economic and racial exclusion.

Post-World War Two, in the period of decolonisation, overt links to British or colonial governments, and attitudes, beliefs and behaviours belonging to a fading imperial era meant that what had formerly been used to advantage now became a disadvantage.

Levers/UAC

William Lever, founder of Lever Brothers, had early on realised the importance of controlling his own supply of raw materials, and from the beginning of the 1900s, he was looking to Africa to enable backward integration into the raw materials that fed his soap factories and later, those that produced margarine and fats. His first attempts were all in British colonial territories, and he was particularly interested in the British West African colonies. However, both the Colonial Office and the local colonial

governments refused to support grants of the freehold land tenure or compulsory labour and controlled prices that were needed to make the venture economically viable. Lever therefore invested in the Belgian Congo, but continued to attempt to break into West Africa which he did in 1920 by the purchase of the Niger Company. This company had been the original charter company before formal colonisation, and had inherited the culture and in some cases personnel from those times. Some lingering of the old paternalism still made itself felt in 1920 when the Niger Company was purchased by Lever Brothers. Lord Emmott, who refused to transfer to the new ownership, but had been on the old board, wrote to Lever (now Lord Leverhulme), about how

The Company's directors and managers have adhered to the old traditions inherited from Chartered days, when it was responsible to the Government and the public for high standards of action, especially towards the natives...
...West Africa cannot be wisely administered, and in the end it will not even be profitably administered, unless native interests are borne in mind and the indigenous races are encouraged to do their best by just and humane treatment.¹

This 'trustee' approach towards local West Africans was not something that lasted. Leverhulme had decided views on the West Africans. He was clearly influenced by the anthropology and social Darwinism of the time, and thought that "the African native will be happiest, will produce the best, and will live under the highest conditions of prosperity when his labour is directed and organized by his white brother who has had all these millions of years' start of him."² Leverhulme thought that it would serve no useful purpose for the white man to reverse what he believed to be the Divine Order under which intellect and mental power ruled, developed, protected, and benefited 'inferior nations'.³

These kind of views and behaviours had serious implications for local relations, not only with local governments, but with local people themselves. In 1926, W G A Ormsby-Gore, Parliamentary Under-Secretary of State for the Colonies, wrote that "The proposals of the late Lord Leverhulme and his attacks on the Government and on the system of native rights and customs in regard to land have created such an

¹ Rhodes House, Royal Niger Co papers, MSS.Afr.s.100, Emmott to Leverhulme, 1 Oct 1920

² Speech by Rt Hon Viscount Leverhulme, *The West African Trade*, 9 July 1924

³ Quoted in K Dike Nworah, "The Politics of Lever's West African Concessions, 1907-1913", *The International Journal of African Historical Studies*, 5, 2, 248-64 (1972)

amount of suspicion in the minds of both the Administration and the people that they fear that any changes in the conduct of the industry might involve the loss of ancestral rights to land, and would reduce the population from their present status of free producers to that of labourers for wages."⁴ The implications of these attitudes were embedded in beliefs about how the colonies should be developed and for whose benefit. Leverhulme saw the colonies as conceptual as well as physical raw material, to be used for the benefit of the white man and white capitalist enterprise. Compulsory labour, land sales and fixed prices meant profit for his companies: genuine ideas of trusteeship or partnership did not arise.

Once Leverhulme had died in 1925, there was no real change in attitude to the host nation and its role in imperial economic development. In 1929, The Niger Co merged with an old rival the African and Eastern Corp, to form the United Africa Company. That same year, the Niger's parent, Lever Bros, itself merged with the Dutch company, Margarine Unie, to form Unilever. The onset of the Great Depression meant that the new company fell on hard times, as prices for raw materials plunged. Partly because of the need to trim costs to the bone, UAC operated ruthlessly, taking over rivals and building up a virtual monopoly of goods in some areas. It continued to press the West African governments to allow it advantageous concessions, land titles and forced labour. In 1935, A L M Clauson of the Colonial Office complained about the attitude of Unilever, UAC's parent, to colonial development that an "article of the Unilever faith is that the Colonial Empire is a primary producer & that it ought to confine its activities to primary production & leave the manufacturing countries to manufacture."⁵ Like Lever, UAC treated the colonies and their people as raw materials to be turned into profit. Over time, UAC developed a very poor reputation amongst the West African population, and this came to a head with the cocoa 'hold up' in 1937-1938.

In 1937, cocoa was the most important crop in the Gold Coast. The country provided 42% of the total world exports of cocoa.⁶ UAC was the most important shipper, and also had the most important merchandise business selling goods to

⁴ Report by The Hon. W G A Ormsby-Gore, on his Visit to West Africa during the Year 1926, p.107 (HMSO, Cmd 2744, 1926)

⁵ CO 852/17/9, A L M Clauson, Unilevers' views on oil and soap manufacture in the Colonial Empire, 16 July 1935

⁶ Department of Overseas Trade, Report in Economic and Commercial Conditions in the British Dependencies in West Africa, p6 (HMSO, 1937). Report of the Commission on the Marketing of West African Cocoa, p.6 (HMSO, Cmd 5845, 1938)

Africans in West Africa.⁷ In 1937, UAC proposed and gained agreement from the other shippers and chocolate manufacturers to the setting up of a cocoa 'Pool' agreement in the Gold Coast and Nigeria, which was introduced in October 1937. Despite the fact that a number of companies were involved in the agreement, throughout the hold-up, UAC, as the most powerful shipper and merchandiser, and as the instigator and operator of the Pool, became, with Cadburys, the spokesman for the Pool as well as its defender. Meetings with central and local governments only involved Cadburys and UAC. In the eyes of the local farmers, UAC came to be seen as synonymous with the Pool.

The farmers' claims that UAC wanted to control the market in order to drive down prices, and maximise profits, did not reflect the complexity of the situation. UAC did want to control the market. However, as it also operated as a seller of manufactured goods to Africans, who bought those goods with money they made selling cocoa, UAC did not want the price of cocoa to drop too far, or it would damage its merchandise selling market. What the company was really after was two things: stability, and a medium but guaranteed profit. In 1936, the difference between the Buying Price (in West Africa) and the Market Price (to consuming countries) was not enough to make a profit, and UAC had had to sell cocoa at a loss. Instead of looking at its costs, competition and so on, UAC's choice was to fix the buying price in relation to the market price to ensure a profit.⁸ The idea was to take the market price, and deduct a fixed margin (expenses plus a given profit), and the result would be the price they would be willing to pay as the Buying Price to cocoa farmers. If the market price went up, so did the buying price, and vice versa.

The Cocoa Pool scheme was therefore worked out on the basis of a cost schedule of buying expenses plus a small profit, the sum of these two to form the margin between the price paid to farmers and the UK price.⁹ Though low prices were not the chief objective, it became apparent that the "the tendency would be towards reduced prices."¹⁰ What this reveals is an open attempt to control the market for guaranteed profit to the companies concerned. And the choice was made to operate on a non-market basis in the colony rather than in the UK. UAC "stated there would be

⁷ Report of the Commission on the Marketing of West African Cocoa, p.9-10 (HMSO, Cmd 5845, 1938)

⁸ Cadbury papers, 288/7, Notes of a Discussion Mr Julius Salmon had with Mr Jasper Knight and Mr Samuels and Mr Muir of The United Africa Company, Limited, 14 July 1937

⁹ Cadbury papers, 288/6, Cocoa Buying in West Africa, 18 August 1937

¹⁰ Cadbury papers, 288/6, Cocoa Buying in West Africa, 18 August 1937

no attempt to control Market Prices in Consuming Countries,"¹¹ Controlling the buying price where so few dominated the cocoa buying market was possible, and enabled the firms to guarantee their own profits at the expense of the interests of the farmer. Whatever the reasoning behind it, the isolation of the West African cocoa market within the British imperial system led to the ability of UAC and the other companies in the Pool to exploit this to their own profit. And there was no question but that it was profitable. Cadburys estimated that they would save over £60,000 a year on cocoa purchases if they joined the Pool.¹²

The pool companies' external justification for the scheme was what they called 'abuses' by middle men, Africans who acted between farmers and the companies, buying cocoa, providing credit and so on. Some of these brokers did have considerable power in the cocoa market, and it was acknowledged in the Royal Commission report which was produced on the cocoa pool, that brokers could abuse their power to exploit farmers. However, in the documentation in the Cadbury records relating to the setting up of the scheme, this is not mentioned at all. Abuses are: they are those of the companies themselves, paying large commissions and allowances; poaching members of other companies' staff; advancing large sums or giving substantial gifts to brokers; overstating stocks; paying higher prices when the price had fallen and so on.¹³ The traders, John Holts, admitted, "We ourselves developed the abuses in the past through our stupid intense tonnage competition with each other and the lack of any trade protection organisation."¹⁴

However, in a draft letter to the Colonial Office by Frank Samuel of UAC, the abuses were transferred to the African middlemen, on whom the current situation was blamed. By transferring the blame from themselves, the companies used the African middlemen as an excuse to bring in the scheme, the motivations for which were in reality quite different. Concentrating on the middleman also enabled the companies to portray themselves as trying to help the cocoa farmer, whilst the reality, as we have

¹¹ Cadbury papers, 288/7, Notes of a Discussion Mr Julius Salmon had with Mr Jasper Knight and Mr Samuels and Mr Muir of The United Africa Company, Limited, on the 14th July, 1937, 14 July 1937

¹² Cadbury papers, 288/7, Notes of a Discussion Mr Julius Salmon had with Mr Jasper Knight and Mr Samuels and Mr Muir of The United Africa Company, Limited, on the 14th July, 1937, 14 July 1937

¹³ Cadbury papers, 288/8, Suggested Price Agreement of Cocoa Buying Firms on Gold Coast, 19 August 1937; 288/25, Untitled note to all Directors, 16 Sept 1937

¹⁴ Rhodes House, John Holts papers, MSS.Afr.s.825/535(i), Mr Winter, Lagos to H C R Goddard, Accra, 12 Feb 1938

seen, was to protect their own profits, and at the farmers' expense. The farmers had effectively to absorb all the risk of the fluctuating commodity price.

The hold-up episode was to show how deeply the dislike and fear of UAC was felt. Whatever the facts of the case, UAC's reputation and behaviour played a key part. Dislike and distrust encouraged conspiracy theories and facilitated belief in the worst possible motives for the company's behaviour. Attitudes and processes which excluded African participation only caused a vicious circle of distrust to be perpetuated. In the meetings in Britain to discuss the setting up of the agreement, there was no sense of any concern about Africa, Africans or losses to African farmers. The records contain no hint that a different sort of economic partnership involving the cocoa farmers was considered. The only concern is with the maintenance of a small European group controlling a profitable market at the expense of Africans.

After the agreement was introduced, there was a price fall in the cocoa market, though it was coincidental to the agreement, rather than caused by it. However, such was the suspicion that the two were linked by cocoa farmers, who considered the agreement/UAC to be the cause. A month later, the farmers refused to sell their cocoa in a 'hold-up'. With concern mounting about both the economic impact of the hold-up, and the possibility of unrest, various means were tried to negotiate some sort of acceptable deal to end the dispute.

The companies were involved as part of the negotiation process in meetings with chiefs and farmers. Frank Samuel of UAC seemed particularly poor at accepting that the companies had to account to the African people for their actions. Even the other companies were critical of Samuel.¹⁵ For their part, the Africans did not accept the characterisation of the cocoa industry set down by UAC, and argued robustly against their demonisation. At a meeting in Kumasi, a local chief, the Offinsuhene, commented that if the firms, as they said, were paying world price, what was the point of the Pool? Samuel hedged and would not answer, creating a very bad impression, as well as a demand to see the agreement, which was refused.¹⁶ Part of the reason the agreement could not be shown was implied above. As John Cadbury and Frank Samuel acknowledged in a cable to UAC in London, the intention to pay full market price was not in the agreement but "is in preamble only". The agreement also mentioned "reasonable profit", and the pair admitted that the "elimination of abuses

¹⁵ Cadbury 289/238, W M H[ood] to John Cadbury, 20 Nov 1937

¹⁶ Cadbury papers, 265, Notes taken at a Meeting held in Cadbury Hall, Kumasi, 7 Dec 1937

the indirect benefit of which to Farmers has been heavily stressed is not dealt with in Agreement". Cadbury and Samuel thought one particular clause would be "regarded as conclusive evidence our intention throttle all competition."¹⁷

Yet at the same time as it was vigorously defending its right to operate such an agreement, UAC was keen to deny the Africans a similar arrangement. At a meeting in London at the Colonial Office, during which a co-operative selling organisation for the Africans was suggested, Jasper Knight of UAC "at once objected and said that U.A.C. would *never agree* to such an arrangement."¹⁸ [author's italics]. UAC clearly considered itself to have the right to allow or disallow such a scheme, whilst equally clearly disagreeing that Africans had the right to reject the cocoa Pool.

UAC's attitude can be seen in two further ways. First, the company attempted to use so-called popular African opinion in its favour, cabling from London to its representative, Frank Samuel, in Kumasi to ask him to telegraph "any facts supporting your views...that Chiefs are not representing spontaneous general feeling of people." The reason for this: "Fear that Colonial Office if convinced Governors fears of trouble well founded may press us to make some compromise."¹⁹ There is no evidence that UAC was genuinely interested in what the Africans thought, except when they could use certain viewpoints to shore up their economic purpose. The voice of Africans was therefore only heard in the company when heard via the medium of UAC's white agents, and only when that voice said what UAC wanted to hear.

Second, there was an attempt to undermine African criticism. Despite clear evidence from the Colonial Office files²⁰ that support for anti-Pool action was widespread, Cadburys and UAC continued to insist in December 1937 that the hold up was "mainly the result of agitation by a comparatively few led by virulent press."²¹ Lord Trenchard, UAC's Chairman, telephoned Sir Henry Moore at the Colonial Office in early 1938 to give him the names of people "whom we thought might be helping to agitate matters from this end. There are a number of American or African negroes with Communist tendencies over here doing a good deal of agitation from this end."

¹⁷ Cadbury papers, 265, cable, Cadbury and Samuel [to UAC], 9 Dec 1937

¹⁸ Cadbury 289/13, George Cadbury to John Cadbury, 9 Dec 1937

¹⁹ Cadbury papers, 265, cable, Jasper Knight and A R I Mellor, London to Samuel, Kumasi, 4 Dec 1937

²⁰ See for example CO 852/67/2, which contains reports from all over the Gold Coast including extracts from the diary of the Acting Secretary for Native Affairs, 27 Nov 1937, showing that anti-Pool feeling was both deep, bitter and widespread amongst the African community.

²¹ CO 852/67/2, Cable from Frank Samuel and J Cadbury, Accra to Trenchard and Jasper Knight, 3 Dec 1937

Names then followed, with descriptions such as "a Barrister of low repute...He associates with negro extremists."²² One can see the strings being pulled here, playing on stereotypes of internationally inspired Communism; the dislike of educated Africans; the spectre of political demands and potential unrest. The latter is of interest, as during the period of the hold-up, UAC constantly denied or played down fears of political unrest.

When looked at more closely, the company's attitude here was of a piece with their more general views on the colonies. What they appeared to want was a colony where the Africans simply did what the British told them to do. Gold Coast Governor Sir Arnold Hodson's point was that the unrest was caused by denying the Africans just and open treatment, and that that should be dealt with by removing the cause of alleged unfairness (the Pool) and giving them a fair transparent share in the running of their industry and in the profits to be made from it. UAC accused the Governor of "weak handling" and clearly favoured stronger action to tell the Africans to accept the agreement.

Around 1939, the merchant firms, led by UAC, suggested that a Committee "representative of the merchants and the Economic Department of the Colonial Office should be set up in London" to determine the price of cocoa "and the Government should then make it its business to see that the producers accept this price."²³ On this suggested Committee were no local colonial officials, and no Africans. It is clear that the merchants' attitude was still that they should set the price in conjunction with the central British colonial authorities, and that the colonies and officials themselves should be made to accept it. There is no concept of any African self-representation, no intention of including African brokers or farmers. Africans were there to be done to, rather than to do or decide for themselves.

The Africans had different ideas. A report on a farmers' meeting at Nsawam described how it was attended by at least several thousand men, representing various chiefs and districts. UAC was the only company mentioned by name. One speaker, Opare Gyan Mankradu, stated that "United Africa Company was spoiling the market and was trying hard to suppress anything which would be favourable to Gold Coast

²² RAF Museum, Trenchard papers, MFC 76/1/255, Lord Trenchard's telephone conversation with Sir Henry Moore, 4 Jan 1938

²³ Cadbury papers, 288/78, Statement representing the West African Agreement Merchant Firms [undated draft, c 1939]

farmers."²⁴ Another, K J Cobina, stated that "The U.A.C. was responsible for the exploitation of the farmers."²⁵ Another report described one Mankrado of Aburi as stating that a European friend in Accra had told him that "the only aim [of the Pool] is to see that blackmen [sic] do not get enough money, to make them rise too high...Economic slavery is now made plain by the firms...U.A.C. are the cause of the pool."²⁶

All the way through, this instructive episode reveals an attitude that still regarded Africa and Africans as nothing other than means towards profit for European companies. No attempts were made in the period under study to involve Africans in decisions, or to develop new partnerships in conjunction with key African traders. In 1930, an old Niger Company director, Joseph Trigge, considered that a new trading policy needed to be put in place to match changing social and political changes in the colony. He suggested forming local companies, and that UAC might finance local traders in co-operation with wealthy Africans.²⁷ This clever and forward-thinking scheme would have involved Africans in UAC both as suppliers and receivers of financial assistance. It was not taken up. A suggestion in a meeting at the Colonial Office in 1937 that a Producers Association for the cocoa farmers be set up to handle some of the cocoa crop was met with the response from UAC that "The Company would resist the establishment...and would naturally attempt to force it out of business."²⁸ Another Colonial Office suggestion that some sort of Local Boards or Advisory Committees with African members be set up was not acted upon.²⁹

The Government in London eventually promised a Royal Commission, which was set up to look at the whole affair in February 1938. The Nowell Commission, as it was known, "were left in no doubt by our African witnesses as to the fear and suspicion with which they view the concentration of business in the hands of this one large concern."³⁰ This view of UAC's hostile relations with the locals confirmed that of local colonial governors over the years, from Sir Hugh Clifford to Sir Arnold

²⁴ CO 852/67/2, Sam Amaning, CID, to Superintendent Criminal Investigation Department, Accra, Farmers Meeting at Nsawam, Enquiry re., 4 Nov 1937; unattributed note, Cocoa Farmers' Meeting at Nsawam, 4 Nov 1937

²⁵ CO 852/67/2, unattributed note, Cocoa Farmers' Meeting at Nsawam, 4 Nov 1937

²⁶ CO 852/67/2, Gold Coast Police, Committee Meeting at Nsawam - Re Cocoa Hold Up, 4 Nov 1937

²⁷ Rhodes House, Royal Niger Co papers, MSS.Afr.s.101*, Joseph Trigge to Robert Waley Cohen, 17 Jan 1930

²⁸ CO 852/67/2, Note of a Meeting held in the Secretary of State's room, 7 Dec 1937

²⁹ CO 852/169/1, Untitled note 11 July 1938

³⁰ Report of the Commission on the Marketing of West African Cocoa, p.49 (HMSO, Cmd 5845, 1938)

Hodson to Sir Bernard Bourdillon. Sir Arnold Hodson, Governor of the Gold Coast, stated that

There is no sense in blinking the fact [sic] that the letters 'U.A.C.' in this Colony, have come to stand for very much that is considered hateful and oppressive by the general population.

It will be very difficult to shake the widely-held conviction that the U.A.C. is interested solely in exploiting the African - and exploiting him on an unusually grand and selfish scale. So intense is the mingled hatred and fear with which the people as a whole regard the Company that no half-hearted measures will suffice to eradicate it.³¹

Sir Bernard Bourdillon, Governor of Nigeria throughout the hold-up period, wrote to Trenchard that "the harm that you have done yourselves on the Gold Coast is great, and a good deal of it irreparable."³² Other European commercial organisations confirmed the impression. A manager of the Bank of British West Africa in Accra stated that "the antagonism seems to be directed most strongly against the U.A.C."³³

The agreement was suspended and the Nowell Commission sent out to investigate, but when its report was delayed, a decision had to be made about the new cocoa season. UAC's response showed no sign of learning from the hold-up experience. At a Colonial Office meeting between government officials, UAC and Cadburys, UAC's Frank Samuel "asked whether it would help if the agreement continued in force but the overt signs of it were removed...if necessary, the firms could arrange that the prices offered by the representatives of the various firms in Africa should not always be identical. They could give all the appearance of competition...although they were not prepared to give the agreement up altogether, they were quite prepared to camouflage it in any way possible."³⁴

With this sort of attitude towards locals, it was scarcely surprising that deep hostility was felt locally towards UAC. And this feeling was to last. In 1943, a member of staff at John Holts, a British trading firm, was in no doubt as to popular African feeling towards UAC, stating that "The dislike of the U.A.C. is intense right

³¹ CO 554/122/10, Arnold Hodson, Accra to Malcolm MacDonald, 25 Jan 1939

³² RAF Museum, Trenchard papers, MFC 76/1/461, Sir Bernard Bourdillon, Lagos to Trenchard, Feb 1938

³³ CO 852/67/3, G B Kirk, senior Manager, Bank of British West Africa Limited, Accra to W F Becker, London to F Becker, London, 9 Dec 1937

³⁴ CO 852/134/2, Meeting Samuel, Cadbury, Mellor with Sir Henry Moore, Mr Williams, Mr Eastwood, [1 Sept 1938]

from official circles down to the smallest African trader."³⁵ And in the Gold Coast disturbances of 1948, when prices of goods again were a key cause of the unrest, it was no coincidence that it was the UAC Central Store which was burnt down. Other UAC stores were attacked as was its head office.³⁶ In this way, the legacy of its attitudes was finally brought home. The Second World War had brought a recognition that, when peace came, things would not return to the status quo, and UAC had already begun to look anew at African relations. After the 1948 unrest, and with political independence looming, UAC took a conscious decision to change itself and woo the African population with increasing Africanisation, and more positive and inclusive attitudes and policies.

Whilst West Africa remained a British colonial territory, UAC had really very little to lose from its policy of economic and extractive imperialism. When it pushed control of the market so far that it sparked a rebellion against the much-resented Cocoa Pool agreement, the Colonial Government, ever aware of the precarious position it held in West Africa, stepped in, unwilling to risk the possibility of more widespread unrest. Though UAC had to pull back a little, the company was needed too much for the colonial government to impose strong penalties, and the new cocoa marketing arrangements cobbled together in the aftermath of the Nowell Commission and the outbreak of war left them in a position which was close to that which they had under the Pool agreement. With little downside, and the possibility of a very profitable upside, it was always worth pressing for as much as they could get. It was only in the aftermath of war, when the political landscape was looking very different, that UAC made a break with the past and started to look afresh at its relationships with Africa and its people.

Barclays DCO

Barclays DCO was set up in 1925 by the amalgamation of three former banks operating in various parts of the British Empire: the Colonial Bank, the National Bank of South Africa, and the Anglo-Egyptian Bank. Barclays had made a deliberate and conscious decision to be an 'empire' bank, and had trumpeted the virtues and

³⁵ Rhodes House, John Holts papers, MSS.Afr.s.825/232(i), J F Winter, Lagos to H J Rawlings, Liverpool, 23 July 1943

³⁶ Report on the Commission of Enquiry into Disturbances on the Gold Coast 1948 (HMSO, Colonial No 231, 1948); CO 964/10, memo The Boycott, est. date Feb 1948; P T Bauer, *West African Trade*, pp.81ff (Routledge & Kegan Paul, 2nd impression, 1965)

importance of empire and imperial development. The Bank chose to operate in countries with British imperial connections, and conversely chose not to operate elsewhere.

DCO's philosophy regarding race was reflected in the important statement, "it is the policy of the Board here to endeavour to meet the racial conditions of the territories in which we are established."³⁷ This policy of a differential approach based on the racial composition of the territories in which it operated, and crucially, of the racial difference in *customers*, meant that relations with local people were both extremely important and extremely varied. Business need and the importance of local customers in some of the areas in which it operated meant that a much more nuanced approach prevailed than a straightforward anti-black racism. Though racial prejudice was not absent from the Bank, DCO followed where the money was, and where it was in non-white hands, then those hands were just as acceptable as customers as anyone else.

In Egypt, though the Bank was the official banker to the occupying British Administration, many of its chief customers were not British, but local businessmen. There were senior local staff and some extremely important local customers, who were accorded serious respect. DCO could not afford to alienate them, and was prepared to adapt business methods to those required and wanted by local clients. Wealth, politics, religious and national differences meant that DCO was aware of a need to display open neutrality towards the different communities, or risk losing business in its operations in Egypt, the Sudan and Palestine. DCO hoped for good things from the Anglo-Egyptian Bank's areas of operations. The same was true for Africa. DCO believed that development would bring profit to the Bank.³⁸

Evidence of positive attitudes belies the fact there was nonetheless no feeling of equality or fellow feeling, though over time, things improved. By 1937, two Egyptians, H E Mohamed Chafik Pasha (who had been interim Prime Minister, and was an ex Director General of the State Railways) and H E Neguib Hilaly Bey (ex Minister of Education and ex Minister of Trade and Commerce) were appointed as Advisory Directors.³⁹ Though the positions remained outside the executive of the Bank, and showed that there was still some way to go before trust and genuine

³⁷ Barclays 80/0819, John Caulcutt to G R Paterson, DCO, Pretoria, 27 Sept 1929

³⁸ See for example, Barclays 80/5520, R H Foà, Cairo, to Carruthers London, 22 Feb 1923

³⁹ Barclays E47a, Barclays Bank (Dominion, Colonial & Overseas), Report of Ordinary General Meeting, 9 Dec 1937

equality was established, the appointments still showed enormous progress in accepting locals into senior positions within the Bank.

In West Africa, large scale European business was mostly executed in Europe, so the local commercial market therefore consisted of local traders. Evidence was that effort and service to Africans were important. By 1931, DCO had £165,800 on Deposit and nearly £39,000 on Savings from West African Native Administrations and Town Councils, and in 1932, DCO had 20,224 Savings Banks accounts in West Africa.⁴⁰ The key Syrian trading community in West Africa were also cultivated by DCO, who saw them as both financially disciplined and as a group extremely careful of their commercial reputation for honesty.⁴¹ However, there is evidence that security was an issue, in particular the inalienability of land, which meant that it could not be used as security.⁴²

West Africa remained a small market in terms of banking profit, and with British domination in Egypt beginning to slide and profits going the same way, it was South Africa which began to loom large. With the profits of DCO making a substantial contribution towards the profits of parent Barclays, it was important not to lose this market. From the very beginning of relations with South Africa, the needs of the local population were at the forefront. And in this context, the local population meant one thing: the Afrikaaner whites. At the time, black South Africans were economically and legally marginalised,⁴³ and throughout the period in question, there is absolutely minimal reference to black Africans in DCO's records. The few references that exist tend to view black Africans only as a source of cheap labour.⁴⁴ As far as other non-white groups were concerned, there is a little evidence of DCO accounts being held in South Africa by Indian merchants. The result of all this is that discussion of local relations in South Africa must be mainly confined to the area defined by DCO at the time as important, the importance of relations with the fractured white population.

Nervous of nationalisation or boycott by the Afrikaaner whites, DCO went out of its way to appease them. That also included the Government. The bank taken over in the formation of DCO, the National Bank of South Africa, had originally been

⁴⁰ Barclays 80/3551, West African Branches - 31 March 1932; West Africa. Savings Bank Accounts [undated note c 1933]

⁴¹ Barclays 80/3545(1), A Dudley to Caulcutt, 19 Nov 1928

⁴² Barclays 80/3545(1), H L M Tritton, Notes on Visit to West Africa, April 1928, 4 June 1928

⁴³ Merle Lipton, *Capitalism and Apartheid, South Africa, 1910-1986* especially Ch.2 (Gower, 1985)

⁴⁴ See for example Barclays 80/3545(1), South Africa, Sir Herbert Hambling's Report, 14 June 1926

formed with the exclusive right to mint coins and bank notes within the Republic, and as such had strong links to Government, having a status close to that of a state bank.⁴⁵

As soon as the amalgamation took place, concern was shown towards local feeling, with DCO's Chairman, F C Goodenough, emphasising the need to "study the interests of the Dutch and conciliate them as far as is reasonable."⁴⁶ Goodenough suggested that a Dutch director be appointed to the Local Board and that if further Local Committees were set up, then the Dutch should be represented on these as well.

But DCO found that Afrikaaners did not view British control of a former national bank favourably. DCO's Deputy Chairman, Sir Herbert Hambling, on a visit to South Africa in 1926, found that "There is no doubt that a section of the Dutch still resent the results of the Boer War, and would prefer to sever their connection with the British". Hambling acknowledged that "it is clear that, to a small extent at least, national sentiment has been hurt by the transference of the control to a British bank."⁴⁷ He recommended that DCO "take care not to offend the Government or the national susceptibilities".⁴⁸ Hambling met the Prime Minister and others of the Government, and confirmed that they were "watching events with a very careful and critical eye. There is no doubt that the National Bank has been looked upon as a 'National' Institution, and in Government circles there is some feeling of resentment that it is now controlled by Barclays."⁴⁹ There were rumours that the Nationalist party were going to close accounts with the Bank.⁵⁰ Hambling wrote that "We shall have to be careful, at all points, not to run counter to the wishes of the Government, or to embark upon any new policy which reasonably may be interpreted as inimical to national interests."⁵¹ This overriding concern not to offend Government and 'national interests', interests which clearly related to the interests of the white rather than the black community, along with the Bank's policy to reflect the racial conditions of the countries in which it operated, effectively put DCO firmly on the side of white interests against those of the black African community.

⁴⁵ *A Banking Centenary, Barclays Bank (Dominion Colonial and Overseas), 1836-1936*, p. 111-138 (Private circulation, 1938); Martin Vander Weyer, *Falling Eagle, The Decline of Barclays Bank*, p.97 (Weidenfeld and Nicolson, 2000)

⁴⁶ Barclays 38/0772, F C Goodenough to James Leisk, 8 October 1925

⁴⁷ Barclays 80/3545(1), South Africa, Sir Herbert Hambling's Report, 14 June 1926

⁴⁸ See Barclays 80/3545(1), South Africa, Sir Herbert Hambling's Report, 14 June 1926

⁴⁹ Barclays 80/1151, Sir Herbert Hambling's Notes [Visit to South Africa], 29 July 1926

⁵⁰ Barclays 3/0214, Leisk, Pretoria to F C Goodenough, London, 7 July 1926

⁵¹ Barclays 80/3545(1), South Africa, Sir Herbert Hambling's Report, 14 June 1926

The results of this strategy of conciliation were quickly visible. In August 1926, the Minister of Finance, Nicolaas Havenga, "informed" Leisk "that it would be a matter of gratification to himself and to the Union Government, if we were to appoint as a local director of the D.C.O., Mr A. M. Mostert." In case DCO were in any doubt, "He remarked, too, that such a step would remove doubts and misunderstandings, and inspire confidence in the new regime among the Nationalist elements in this country." In due course, Mostert became a member of the Local Board.⁵² Despite Goodenough's protestations that the Bank had no concern with political questions, the Government got their nominee on the Board, and the Bank showed willingness to act on Government requests, thus gaining desired Government approval.

The same occurred in London. Contact and invitations occurred when South African dignitaries visited London.⁵³ In 1929, DCO Chairman F C Goodenough was reported as looking forward to seeing his personal friend, General Smuts (who had visited Goodenough's house), in London.⁵⁴

Despite all this attention to the needs of the Afrikaners, reports continued to filter back about Nationalist dislike of the bank. In the face of DCO's solid profitability, South African press coverage was often favourable, but there remained strong pressure on the bank from the Afrikaans community to become 'more South African', and the message was clear that an identification with the country was the way to gain approval. As nationalist pressures and confidence grew, pressure on the Bank grew stronger, rather than decreased. Whilst praising the Bank for positive steps, press reports contained veiled 'threats' in their hopes, thus both ensuring that DCO knew when it had taken the 'right' decision and was warned of an adverse response should they go 'wrong' in future.

There was a continuing fear of anti-British Nationalist action. This was so much the case that in January 1933, extraordinarily, DCO refused a request from its own government in the person of Leo Amery, an influential British MP who had been Colonial Secretary until 1929, to lead a South African banking move to exchange sterling at par once Britain had come off the Gold Standard. Goodenough tersely pointed out that "Our Bank has always refrained from being drawn into political

⁵² Barclays 3/0214, Leisk, Pretoria, to F C Goodenough, London, 18 August 1926

⁵³ See for example, Barclays 80/0817, letter by John Caulcutt, 27 June 1928

⁵⁴ Barclays 38/0737, Goodenough to Leisk, 18 Sept 1929

opposition to the [South African] Government" and tellingly continued, "and if we should do so, legislation hostile to the Bank would certainly follow."⁵⁵ DCO was right. In 1936, the desire for a "purely South African Bank" was the subject of at least one speech in the South African House of Assembly, and of rumours of Government intervention to encourage the establishment of such a thing.⁵⁶

Emotions were further heightened in 1938 by the centenary of the 1838 Great Trek, which increased friction between Dutch and British whites in South Africa, and caused a resurgence of Afrikaaner nationalism. In such a charged political and emotional atmosphere, it is scarcely surprising that DCO was seen as an imperial intruder, and felt the need to ingratiate itself with the Afrikaaners. To the end of the period, sensitivity to Afrikaaner sentiment and sensibility remained critical to DCO's business in South Africa. DCO's problem remained that if it did not identify with local business, it lost influence, but the price of influence was loss of independence. In seeking to gain approval, influence and ultimately, business, DCO necessarily became involved, in practices, an organisation and a culture that fostered deep racial discrimination.

DCO's links with a variety of local peoples, valued as customers, faded with the economic fortunes of many of the areas in which it operated, leaving it culturally allied to the extreme racial subordination which characterised South Africa. In this case, concern not to lose an extremely profitable business which was sensitive to British and imperial control led Barclays to play down the Britishness of the bank, careful of offending Afrikaaner sensibilities. Over the years, peripheral culture first influenced and then predominated. DCO's overarching emphasis on the business led to a strong and deliberate fostering and identification with white, particularly Dutch, South Africans, and to its following the behaviour of this particular section of the host culture, which had emerged from earlier Dutch imperial moves which involved particularly strong racial segregation, and a belief in white superiority, along with economic and political domination.

The transfer was only too successful. Barclays' association with South Africa and its racist apartheid regime became a problem, not only in South Africa, but in the West, as racial attitudes changed, leaving South Africa isolated in its policies of racial segregation. By the 1980s, Barclays was the target of numerous boycotts and much

⁵⁵ Barclays 3/0217, Amery to Goodenough, 2 Jan 1933; [F C Goodenough] to Amery, 3 Jan 1933

⁵⁶ Barclays 80/3288(2), Leisk to Tritton, 7 May 1936; Tritton to Leisk, 21 May 1936

adverse publicity. In 1986 Barclays sold its interests in South Africa, not because of business failure, but entirely due to the association with apartheid culture. It sold at a huge loss.⁵⁷

Anglo-Persian Oil Co

In 1901, William Knox D'Arcy, a British financier who had made his fortune in gold-mining in Australia, obtained an exclusive concession to explore for and develop oil in Persia (latter day Iran). Initially, D'Arcy funded the exploratory drilling himself, but by 1905, with no oil to show for his efforts, money was running out, and he began to look for external partners. The company who came in to the deal was the Burmah Oil Company, a company basing its operations in Burmah and in India, the jewel in the crown of the British Empire. Persia bordered on what was then India, and as such, was an obvious extension for the Burmah Oil Company, who in 1905, put in finance to create a syndicate to continue searching for oil. In May 1908, oil was discovered in South Persia in vast quantities. A new company, Anglo-Persian Oil Company, was formed in 1909. D'Arcy swapped his interest for Burmah Oil Co shares, and Burmah Oil ended up with 97% of the ordinary share capital of the new company. The new company needed management, and as its near owner, Burmah was the agent with the strongest voice and it turned to its imperial experience to manage the new company. Burmah's own operations in British imperial territories were run through managing agents, and one of Burmah's agents became BP's first managing director. India's managing agencies have been identified as resistant to local employment, as well as being socially, racially and economically exclusive:⁵⁸ this same imperial management structure was chosen to manage the new company. In London, there was a similar turning to empire. The company's Board also relied on imperial experience, with 8 out of the 9 men having held key imperial positions.

Out on the periphery, the imperial influence manifested itself in other ways. As well as using British management from India, the company employed many Indians as workers, enough to justify running its own recruiting office in India. Cooks, servants, skilled workers, police were all drawn from the British imperial frontier. The use of Indian servants at home and in the social clubs, the use of Urdu

⁵⁷ Margaret Ackrill and Leslie Hannah, *Barclays, The Business of Banking 1690-1996*, pp.300-301 (Cambridge University Press, 2001). In 1995, very discreetly, Barclays re-opened in South Africa.

⁵⁸ See for a study of British managing agencies in India, Maria Misra, *Business, Race and Politics in British India, c1850-1960* (Clarendon Press, 1999)

and Hindi terms both for work and at home, the constant comparisons with British India, are all evidence of how much imperial Indian experience coloured relations with Persia. As late as 1930, of the three languages in use in the company's oil fields, one was Hindustani.⁵⁹

Anglo-Persian was in one sense very different from the other two companies discussed here. Finding oil in an area of no stable local population and infrastructure, it had to build its own. From social facilities to sanitation, from property to policing, the company had to provide it all. In Abadan, the company town, the company provided sanitation, water and light as well as housing. In the oilfields area, the company exercised municipal powers because they were in charge of all living quarters and buildings leased to shopkeepers and others. As such, the company was in charge of rubbish collection, water chlorination, food inspections, insect and vermin eradication, even paupers burials.⁶⁰

In all this there was racial differentiation. Staff were classified: Class I were all Europeans; Class II were Clerks who were Indian, Armenian and Persian; with Artisans making up Class III. Different housing and social facilities were provided according to these classes.⁶¹ Europeans and Persians lived in separate areas. Where medical provision was concerned, there were separate wards for Europeans and 'Natives'.⁶² These had their own bathrooms and lavatories, and a Medical Services report pointed out that "no equipment from the European Wards is used in any other one and vice versa."⁶³ There were different clubs for Persians and for other ethnic groups such as Armenians, and Indians. There was even a different library for the Indian clerks.⁶⁴ With both management and workers taken from an imperial setting to one in which a new town and operation had to be created, it was not surprising that the resulting community reflected its cultural roots. Though in one sense, Anglo-Persian was in a qualitatively different and less 'imperial' setting (Persia was a British 'sphere of influence' rather than a formal colony, and there was no local British government), the need to build its own town and facilities gave it unprecedented control over its local setting, and meant that it created something that reflected its

⁵⁹ BP 44140, APOC, Notes on Service in the East, June 1930

⁶⁰ BP 62398, Medical Services, 6 March 1924

⁶¹ BP 71403, Sir John Cadman, Report, Visit to Persian, Autumn 1924

⁶² BP 62398, Medical Services, 6 March 1924

⁶³ BP 37074, Fields Medical and Health Services, 21 April 1927

⁶⁴ BP 71183, Social Service Department - Fields, 2 April 1926

influences, many of which came from empire. The result: in personnel and in style, a strong British imperial feel.

If this were not enough, the British Government became strongly linked to the company. In 1914, with war approaching, the British Navy wanted to convert its coal-powered ships to oil, and needed a secure source of supply. The British Government therefore took a majority shareholding in Anglo-Persian, and contracted with the company to supply fuel oil to the British Navy. The British Government had in some respects nationalised the company, and was also via the naval fuel oil contract the company's largest customer. Though promising not to interfere in the commercial operations of the company, it had the right to nominate two Government directors to sit on the company's main board. With oil rapidly becoming a strategic resource, the company's connection with a strong imperial government did not go unnoticed.

Persia, weak in the early 1900s when the company was formed, changed radically during the period in question. In 1907, following an agreement between the two nations, Britain and Russia had divided Persia into spheres of influence: Russia's in the north, Britain's in the south. After the War, Britain was keen to consolidate its position in the Middle East, and Lord Curzon, British Foreign Secretary, duly hammered out an agreement with Persia. Curzon's hope was that Persia, as a virtual British protectorate, would be a link between Mesopotamia (which had become a British Mandate after the War), and British India. An agreement was reached in August 1919, though it was never formally ratified by the Persian majlis (Persia's government).

Then, in February 1921, there was a coup by military officer Reza Khan. One of his first actions was to repudiate the treaty with Britain. Reza Khan, crowned Shah in April 1926, went on to establish a strong central government taking Persia away from quasi-imperial dependence and towards stronger independence. At the same time, resentment against the company, widely viewed as a tool of the British Government, grew. Persian Government-company relations were poor. Part of the resentment stemmed from the suspicion on the part of the Persians early on that the British Government was going to annex the country, a view that was to some extent shared by the company, and which influenced their attitude. Once direct annexation faded as a probability, Reza Khan was still suspicious of the quasi-imperial intentions of the British, and this influenced his attitude to the company, now majority-owned by

the British Government. Political and imperial intentions were therefore a part of host-company relations from the earliest days.

As far as the company was concerned, at the start of its operations, faced with a weak central government, the company had carried on its business by a mixture of local agreements and its own authority. When Sir John Cadman, as Deputy Chairman, went out to Persia for Reza Khan's coronation as Shah, he quickly realised in Tehran that the prevalent attitude was one of "unfriendliness." He also realised that with Reza Khan established as Shah, a new era was beginning. The power of local 'chieftains' was now being curtailed, and Cadman saw that the Persian central government was going to be where power lay in the future.⁶⁵ Cadman wrote in his report to the Anglo-Persian Oil Company Board that guarding the concession was vital, and relations with the Persian Government must be improved. With Reza Shah sensitive to any hint of imperial manipulation, the company needed to identify itself as a purely commercial enterprise. However, in its own dealings, the Company was prone to an ambivalence about its relations with the British Government which saw them repudiate the connection or embrace it as the occasion suited.

Cadman declared that, "we must strive more and more to regard our own activities through Persian eyes and in terms of a Persian vocabulary."⁶⁶ But the reality remained that Anglo-Persian did not or could not see itself through Persian eyes at all. Initiatives in the late 1920s, for example, to give Persian nationals a greater share and interest in the company in Persia still resulted in suggestions which offered more in appearance than reality. An Advisory Committee of Persians was suggested, but it was to be non-executive, with no administrative or financial powers. When Anglo-Persian's Russian competitors offered an equity stake to the Persians in their company, Anglo-Persian realised the proposed Committee would not be able to compete. But the suggested substitution, the formation of a Persian company to market oil in Persia, was again something which kept the Persians well away from the centre and executive powers of the main company. The directors were to be Anglo-Persian's managers, with a minority of Persians. A memo on the proposed organisation set down "the necessity of securing to the A.P.O.C. adequate control over the Subsidiary's operations." It went on to suggest how various obstacles to this control could be overcome, including the issue of shares to the Persian public which

⁶⁵ BP 68386, Report by Sir John Cadman, Visit to Persia and Iraq, Spring 1926; also in BP 71403

⁶⁶ BP 68386, Report by Sir John Cadman, Visit to Persia and Iraq, Spring 1926; also in BP 71403

carried no voting power, whilst the Ordinary shares would be held by Anglo-Persian, its officials and "any other Europeans in Tehran whom the Company might wish to interest in the scheme."⁶⁷ The reality was that Anglo-Persian could not bring itself to give up any of its control, and genuinely share power with the Persians.⁶⁸ In 1929, the Company's General Manager in Persia, Edward Elkington, admitted that "We have organized and conducted our operations without much thought to Persian ideals and customs, and we have based everything on our own usage and from our own standpoint."⁶⁹

In the late 1920s, negotiations to renew the company's oil concession were initiated by the Persians, because the Persians wanted "to take a deeper interest in this great enterprise than it has been able to do in the past." As Teymourtache, the Persian Minister of Court, explained, "What Persians felt was that an industry had been developed on their own soil in which they had no real share." Crucially, he continued that, "no financial reward would dispel that feeling. It was at the root of the whole trouble."⁷⁰ The Government-nominated directors on Anglo-Persian's board at least were aware that "there is a growing volume of criticism of the concession in Persia, a country which is not likely to be unaffected by the oil nationalism which in other oil-producing countries is leading to expropriatory legislation."⁷¹

Yet despite this growing nationalism, or perhaps because of it, the Company continued to entrench itself against Persian infiltration. In 1929, after labour disturbances at the company's operations at Abadan, relations between government and company worsened, each blaming the other for the disturbances. Under their General Manager in Persia, E H O Elkington, the company seemed to take on a siege mentality, seeing political agitation everywhere.⁷² At the same time, resentment against the company grew, and press articles appeared early in 1930 calling for the concession to be redrawn.⁷³

⁶⁷ BP 68897, Memorandum regarding the Formation of Persian Distribution Company; see other papers in same file, February 1928

⁶⁸ BP 68897, J C Clarke, 22 Jan 1929. Moves to form the company went forward, but were caught up in negotiations to renew the current concession, and fell into abeyance.

⁶⁹ BP 59011, E H O Elkington to Medlicott, 11 July 1929

⁷⁰ BP 71074, Record of the Discussions held at Lausanne, 23, 24 and 25 August 1928

⁷¹ BP 71074, Document sent to Cabinet by Government Directors, est. date Sept 1928

⁷² BP 59011, T L Jacks, Abadan to Sir John Cadman, London, 25 Nov 1929

⁷³ See for example, BP 70828, 'D'Arcy Company Means the Whole of Persia', translation of article from *Hablul-Matin*, 8 April 1930; 'The Southern Oil Company and their Persian Employees', translation of article from *Hablul-Matin*, 22 April 1930

Negotiations between company and government continued throughout 1929 but broke down in 1930. In 1931, a renewed attempt was made at an agreement and a preliminary agreement was reached early in 1932. But with royalty figures shrinking from £1.3 million in 1930 to just over £300,000 in 1931, protests re-emerged, and in November 1932, the Persian Government cancelled the company's concession. It was a popular move, proclaimed in the press as an occasion for national rejoicing. Cinemas opened free and there were demonstrations in celebration. Company posters were torn down.⁷⁴ Though there is too little space here to discuss the dispute at length, it was referred to the League of Nations and in the summer of 1933, a new concession was agreed between the two parties.⁷⁵

Negotiations towards the new concession reaffirmed the importance of good relations between Britain and Persia. John Cadman, now Chairman, did his utmost to improve relations not only between the company and the Persian Government, but between the Persian Government and the British Government, acting as a go-between on issues between the two countries, including the conduct of British Naval officers and the purchase of British railway equipment, issues which clearly had nothing at all to do with Anglo-Persian. Cadman's assumption of this role, however successful, belied earlier moves to distance the company from the British Government.

As a result of all the above, it was scarcely surprising that the locals, as well as the Persian Government, continued to see Anglo-Persian as an arm of the British Government, and as an imperial stooge. Even one British official described the company in the 1920s as "practically an *imperium in imperio*."⁷⁶ Though real development of the oil industry did undoubtedly take place which could not have been undertaken alone by the Persians at that time, the company seemed dismissive of the fact that the country might resent the paternalism of their whole approach. John Cadman wrote, "It makes me wild when I think of Persia's ungrateful attitude towards what is one of the finest pieces of efficient constructive work in modern times. These people seem to be devoid of understanding and gratitude."⁷⁷ He seemed to have forgotten that APOC was a business making enormous profits out of Persian oil.

⁷⁴ BP 35668, Reuters News telegram, 30 Nov 1932; Reuters News telegram, 2 Dec 1932

⁷⁵ See for a full account, J H Bamberg, *The History of the British Petroleum Company, Volume 2, The Anglo-Iranian Years, 1928-1954*, Chapter 2 (Cambridge University Press, 1994)

⁷⁶ Gladwyn, *The Memoirs of Lord Gladwyn*, p.21 (Weidenfeld and Nicolson, 1972)

⁷⁷ BP 96489, Sir John Cadman to Archibald Bell, 21 April 1933

In the wake of the new concession, increased pressure was put on the company to 'Iranianise'. The company's attitude towards Persianisation (or Iranianisation. Persia changed its name to Iran in 1935) was typical of its attitude towards locals. Article 16 of the 1933 concession, which legislated for progressive reduction of non-Persians and their replacement by Persian nationals, was a key clause in the new concession. It could have marked a new era for the company, with genuine partnership. Yet Anglo-Persian was unwilling genuinely to contemplate the realities of Persianisation, quibbling over the exact meaning and legal implications of the clause, and concentrating on the lower grades of employment when forced to do something. Dismissive attitudes ("it is no use our attempting to make Clerks out of coolies"⁷⁸) reflected more on the company than on the Persians. Plans to send Persian students to the UK for university courses and training, favoured by some, were viewed with trepidation by others. J Jameson, Deputy Director and General Manager of Production, thought it would be "a dangerous practice owing to the attitude of mind which such men may develop while in this country."⁷⁹ This was echoed by T L Jacks, the company's resident director in Iran, who thought that contact with the British working man would engender discontent and the development of unions.⁸⁰

Concessions that were made had more to do with appearance than substance, and as with the colonies, there was disdain of the educated nationals, with Jameson, for example, commenting that "in the future...every Persian who could read and write would imagine that he was a 1st class employee."⁸¹ The company claimed to want more practical Persians rather than graduates, but it was eminently possible to use this kind of argument to avoid employing Persians at a senior level. Just like colonial administrators and their attitudes towards greater self-rule in the colonies, the company assumed that Persianisation would take many years. There was in addition, no concept of equality. T L Jacks worried that the Persianisation Article encouraged Persians to compare their own position and prospect with those of "the foreign [British or white] employee," and that this would never cease to be a problem. There was it seems no concept that Persians should be paid the equivalent for equivalent work, or expect promotion. Jacks even sent Anglo-Persian's Deputy Chairman a draft revision of the offending Article 16 to submit to the Persian Government. It involved

⁷⁸ BP 68034, E H O Elkington to J Jameson, 12 Dec 1933

⁷⁹ BP 68034, Bringing of Persians to this Country for Training, 17 Jan 1934

⁸⁰ BP 52309, T L Jacks to E H O Elkington, 23 Nov 1933

⁸¹ BP 67590, Meeting held in Abadan, 22 Feb 1934

a percentage scheme, whereby Persians and others were allocated a certain percentage of the work force. Jacks' idea was that "by the simple and not expensive" process of employing more unskilled Persians, the numbers of Europeans could be maintained.⁸² The message that comes through was that the company was not genuinely committed to Persianisation.

Neither was the position outside work any better. There were still enormous discrepancies between facilities provided to Persian and British staff. J M Wilson, a British architect working for the company in Persia to help design new accommodation, admired the social amenities, sports facilities, gardens and so on in Abadan, but pointed out that "these comfortable social amenities of accommodation, are more in evidence in the British Residential areas than in those allotted to the Persian and Indian members of the Company, where the standard of living leaves much to be desired."⁸³ Wilson thought that nationalism had aroused "feelings of jealousy" towards the British, and suggested that if they wished to attract good Persians, conditions of service and housing must be improved. The disparity in housing formed a "very real and wide gulf" or almost insurmountable barrier between Persian and British.

While the company could and did drag its heels over introducing internal change, external circumstances did not stand still. Reza Shah's modernisation programme was taking hold, and wide changes began to become evident in Persian society. Jameson concluded in 1938 that the general outlook had changed, and "one had a feeling that the officials and police had instructions to establish themselves on an equal footing with the foreigners in the country, and in their excess of zeal to do so they meted out to foreigners the same treatment as to their own people and those who had been accustomed to the old order of things naturally resented the change."⁸⁴ Company personnel were simply not accustomed to be treated as equals. In general, the company responded to Iranian modernisation with suspicion of the educated or Westernised local, a response that echoed that seen in formal British colonies. Jameson opined that "the skill of the western artizan cannot be acquired by putting on a new hat and European clothes."⁸⁵

⁸² BP 52890, T L Jacks to W Fraser, 9 July 1934

⁸³ BP 49673, Report by J M Wilson on certain aspects of the Company's Building Proposals in Persia, 3 April 1934

⁸⁴ BP 67627, J Jameson, Report in a Visit to Iran 1938, June 1938

⁸⁵ BP 67577, J Jameson, Visit to Iran and Iraq, 16 March 1936

With these attitudes, which looked to the past rather than the future, the company missed opportunities early on to integrate more with the local community. The conservative impulse remained strong. In the build up to war, when it became even more important to improve relations, positive initiatives were accompanied by contradictory impulses. It was noticed that Iranians were not being given responsible jobs, but were being used as reserve staff or in unimportant areas. However, one manager considered "that in time of War it is more important than ever to have experienced and responsible Britishers in charge of such [major] areas."⁸⁶ Despite the Iranianisation programme, by the time war was declared in 1939, with an increase in operations, the number of non-Persians in the company had risen.

Whilst Anglo-Persian was happy to promote good relations, identification of joint interests never went further than courtesy. There was no question that the company would entertain Persian involvement in the management of the company. Though the Chairman at least seemed genuinely to believe in the company's civilising mission, he also evinced a ruthless pragmatism where business success was concerned. So Anglo-Persian did not change. When its concession was cancelled again in 1951, Clement Attlee, British Prime Minister in 1951 and then Leader of the Opposition until 1955, wrote that the Company had remained "an alien capitalist enterprise" and that the attitude of the Company "was, I think, contemptuous of the Persian Government" though he thought this was not without reason. Attlee thought the Anglo-Persian case illustrated the fact that "the day is past when commercial undertakings from industrialised countries...can carry on their business without regard to the feelings of the people of the country in which they are operating...The local people feel that there is a loss of self-respect in the exploitation of the resources of their country by an alien agency. The Anglo-Iranian Oil Company showed a lack of sensitivity in not realising this."⁸⁷

In its general attitudes towards Persia, the company seemed to have little self-awareness, and when it did, staff seemed unable to translate it into action. Despite the nature of the concession as a commercial contract, attitudes towards the Persians remained that they should be 'grateful' for the technological achievements brought in by the British. The company's enclavist physical surroundings left it in cultural as well as physical isolation, and with a 'repel boarders' attitude. Its early years left a

⁸⁶ BP 68063, Letter to J Jameson, Basrah, 15 Feb 1940

⁸⁷ Clement Attlee, *As It Happened*, p.175-6 (William Heinemann Ltd, 1954)

legacy of self-sufficiency and control which it was loath to give up. Attempts at change were never volunteered, and when forced on the company, were resisted or undermined. Failing to appreciate that the growing nationalism of the country meant that Persia wanted economic as well as political independence, the company continued to believe that Iran still could not afford to do without it. It therefore missed opportunities to increase the Iranian Government share of company profits while the American oil companies were offering a 50:50 profit split in Saudi Arabia. In 1951, on the appointment to government of Mohammed Mossadeq, the company's operations were nationalised. Resentment against the company had become such a strong factor that despite the efforts of international diplomacy, it was recognised at the time that it would be political suicide for Iranian politicians to come to an understanding with a company which had by then become a cipher for Western imperialism and the infringement of Iranian sovereignty.⁸⁸ The new agreement reached in 1954, saw the setting up instead of a consortium of companies, with BP reduced to a 40% share.

Conclusion

Locals, if non-white, were not treated as equals. They were either seen as 'primitive', and unready or incapable of taking on responsibility, or they were viewed as Westernised, in which case this Westernisation was either seen as a superficial patina concealing the primitive nature underneath, or these few individuals were seen as unrepresentative, often as sly, clever manipulators of political opinion. These sorts of attitudes, common in legitimising colonial rule, were used to justify the attitudes and behaviour of the companies towards locals, and create a culture and practice of inequality. That inequality was racial, social and economic. Companies very much bought into a rational discourse both of being the fruits and the bearers of knowledge and rationality, especially of modern capitalism. And there *was* real superiority available within the companies in terms of technology, management, and access to finance, capital and international trust.⁸⁹ However, as Chatterjee has pointed out, there was an inherent contradiction between this belief in modern rationality and the rituals

⁸⁸ J H Bamberg, *The History of the British Petroleum Company, Vol II, The Anglo-Iranian Years, 1928-1954*, Ch 18 and 19, particularly pp.492ff (Cambridge University Press, 1994). Mostafa Elm, *Oil, Power and Principle, Iran's Oil Nationalisation and its Aftermath* (Syracuse University Press, 1992)

⁸⁹ See for a discussion of this issue, Michael Adas, *Machines as the Measure of Men, Science, Technology, and Ideologies of Western Dominance* (Cornell University Press, 1989)

of power,⁹⁰ which were decidedly unmodern and often non-rational. Companies' attitudes towards host nationals were often irrational views of their capabilities derived from assumptions on race and nationality.

Company adaptation was suggested in the face of external and local change, and was not internally driven. Placating local peoples was done when it was economically or politically necessary. There was awareness in some instances of a multi-faceted audience, internal and external, of different races, ethnicity, nationality, or religion. But co-existing with this more nuanced approach was a strong streak which still essentialised and stereotyped locals according to race. However much it is desirable to nuance interpretations of imperial actors and stress the fractured and complex nature of imperial interaction, there is no avoiding the fact that race was still the over-riding factor in guiding attitude towards locals. In each company, attitude to the host nation was overwhelmingly influenced by the fact that the locals were not white. The only example where locals were treated equally to British citizens was South Africa, and that only applied to the local whites.

However, it was simply not possible for any of the companies to operate in an economic and political vacuum. As the world became more integrated, it was no longer possible for companies to isolate themselves and, more importantly, the locals with whom they had both economic and political dealings from a world that was moving towards some measure of equality, if slowly. It is apparent that local influence from the periphery was a crucial factor in determining the history of each company. Host nations had a strong influence both on behaviours, decisions and outcomes. Locals at the time identified each company in some way with the British Government, and crucially, the British Imperial Government. As the British stereotyped host nationals, so in their turn could they too be essentialised into one by locals. So as the hold-up strengthened, UAC came to denote 'the white man', who would be supported by other white men in the local colonial Government; and the episode, as the Gold Coast Government feared, began to spill into more general complaints about 'white men'. In DCO, the Bank was acutely aware of the Afrikaaner dislike of 'London' controlling their affairs and finances, and the Bank was seen as representing City and British imperial interests rather than South Africa's own. In

⁹⁰ Partha Chatterjee, 'Was there a hegemonic project of the colonial state?', in D Engels and S Marks (eds.) *Contesting Colonial Hegemony, State and Society in Africa and India* (British Academic Press, 1994)

Anglo-Persian, the Persians' strong identification of the company with the British Government led to such bitterness and resentment against what was seen as imperial manoeuvring that it eventually lost its concession.

Though the manifestations seem on the surface radically different, there are fundamental similarities. In each case, the companies either took over companies which had put down roots in a time of a much more naked imperialism, or were heavily influenced by them. In each case, significant fractures from the host community occurred as a result of a historical association with empire, and particularly with a culture of empire at a time when the balance of power was shifting from the colonial power to the host nation, transforming what had been an economic and political advantage into its opposite. In each case, whether the Persians, the South Africans or West Africans, it was against inequality that the sensitivity and similarity lay. In each case, those behind economic nationalism within the host nation targeted a British expatriate company because of its association with the British imperial power, using the company as a tangible and physical focus for the political and economic ills associated with a loss of sovereignty, and as a means to unite factors within the country against the imperial centre. Because each company had associated itself strongly with the imperial home, it was difficult to repudiate the charges made against it, and dissociate from Britain. Each company made different responses to the changing political circumstances, and each reaped the legacy of those different decisions and their earlier imperial cultures.

But was this anything to do with culture, or was it simply the workings of capitalism? Clearly, one would expect large British expatriate companies working in areas of formal or informal British empire to some extent to reflect some imperial influence, but it is easy for this to dissolve into the circular reasoning of saying they were imperial because they were operating in imperial territories. I would argue that British capitalism operating in empire was partly defined by imperialism, which influenced company practices and behaviour. In turn, empire was partly defined by capitalism, in a symbiotic relationship. Added to this, the culture of British capitalism influenced local attitudes to empire. And finally, British companies were influenced by locals' attitudes to empire and to British capitalism. The combination of these factors came to a good deal more than a market-based rationality.

All this had an impact on the companies, described above, but this was about more than a narrative of company history. There were wider implications: for locals, a

company was often *the* key contact point with Britain / empire. Host country perception of the company and of Britain / empire was often therefore one and the same. As time passed, and the seeds the companies had sown took root, the companies became a focus for action or a rallying point against what they represented: white empire.