

# H-Diplo

## H-Diplo Article Reviews

<http://www.h-net.org/~diplo/reviews/>

No. 363

Published on 18 July 2012

H-Diplo Article Review Editors: Thomas Maddux and Diane N. Labrosse

Web and Production Editor: George Fujii

Commissioned for H-Diplo by Thomas Maddux

**Anand Toprani. "The French Connection: A New Perspective on the End of the Red Line Agreement, 1945-1948."** *Diplomatic History* 36:2 (April 2012): 261-299. DOI: 10.1111/j.1467-7709.2011.01023.x. <http://dx.doi.org/10.1111/j.1467-7709.2011.01023.x>

URL: <http://www.h-net.org/~diplo/reviews/PDF/AR363.pdf>

Review by **Irwin Wall**, University of California, Riverside and New York University

The "Red Line Agreement" was a cartel-like agreement in which several oil companies and financiers came together in 1926 to establish the Iraq Petroleum Company, which enjoyed a monopoly on production of Iraqi oil, and sought to limit competition and preserve price stability for oil throughout the Middle East. In its crusade after World War II to establish a new postwar order, the United States sought to eliminate the Red Line agreement, for the purpose of opening the way to the full exploitation of Saudi Arabian oil, in which, however, it was to enjoy its own monopoly exercised by the Arabian-American oil company known as ARAMCO. The ultimate success of American diplomacy in doing so established the postwar oil order that endured for most of the Cold War, and more or less established the parameters of the Middle East oil exploitation as we know it today. The end of the Red Line agreement was perhaps perceived as little more than a blip at the time it occurred, but looms much larger with hindsight as we contemplate the history of the gigantesque petroleum industry today, and it certainly deserves the attention that Toprani has devoted to it.

The British had more or less signed on to the American view of "free trade" in the postwar as a condition of their large postwar loan of 3 billion dollars in 1946. The French had hoped for equal treatment, but the aged ex-Premier Léon Blum, who negotiated the French loan in 1946, came home with a paltry \$500 million in comparison, in exchange for which he was made to swallow agreements permitting the liberalized entry into France of Hollywood films and Coca Cola. The French film, wine, and bottled water firms had resisted these intrusions in vain; but when the Compagnie Française des Pétroles, today known in France as Total, tried to hold onto the Red Line agreement so as to preserve its interest in the Iraq Oil company and acquire its own interest in Saudi Arabia, it got a sympathetic hearing in Paris, sufficient to cause a minor crisis in French-American relations in late 1946 and early 1947. This was a critical moment: it came just before the Truman Doctrine, the Marshall Plan, and the expulsion of the Communists from the French government coalition,

essential steps in propelling France into the Western Block and NATO in the early Cold War. Toprani has neatly filled a kind of hole in the story of the French transition from putative neutrality in 1946 to engagement with the West in 1947 by looking at the settlement of this oil crisis that has been missed by other chroniclers of French-American relations, including the author of this review. In defense of those of us guilty of the omission, however, I would plead that in comparison with the enormity of French needs at the time of wheat and coal, coal being the central fuel of the era and its importation from Germany critical for the reestablishment of the French economy in the postwar, the omission of oil in the larger story is perhaps excusable. Further, the oil crisis was settled without too much ado, unlike the issue of coal, (not to mention film and Coca Cola), and very favorably on French terms. It thus in its own small way contributed to the French turn toward the West.

The ease of the settlement of the crisis is in retrospect surprising, but Toprani shows us how American opinion had evolved by the end of 1946. Washington was first disposed to support the oil companies in their bid, but did not anticipate the vociferous French objection. France had a single source of supply for oil in Iraq. It was excluded from participating in ARAMCO by Ibn Saud, who apparently rejected both Britain and France as imperial powers in the Middle East, although his hostility to France is apparently harder to document than it is to Britain. Toprani leaves this issue a bit muddled, but even if France had been allowed to enter ARAMCO, its severe dollar shortage would have prevented it from doing so anyway. The French were afraid that if Saudi oil came rapidly on line, production in Iraq would be eclipsed. But the real issue is Washington's sudden concern to mollify the French. One curious thing is the lesser pull that oil seemed to possess in Washington as compared to film or Coca Cola, a question Toprani neglects. But he does show us how Washington's fear of communism in France had come into play. De Gaulle had signed a treaty with the USSR at the end of 1944; he resigned in January, 1946. France, even after his resignation, aspired to a position of neutrality between East and West. But more seriously it had legislated into effect much of its welfare state, leading the State Department to fear that its economic system was coming to bear resemblance to that of the Soviets. The latter were already excluded from Middle East oil as a result of the Iran crisis in 1946; if France were now excluded in turn the stronger danger of a Franco-Russian entente loomed, especially if the USSR were also to emerge as a French source of supply for oil. The French petroleum company, despite partial state ownership, seemed to have had healthy capitalist and imperial ambitions, hoping to become the major source of supply for crude and refined petroleum products for the entire European continent.

The State Department thought this battle with the French not worth fighting. The consequences were large, the amount small: France's total oil imports were \$64 million, and Marshall Plan aid once on line in 1948 would amount to a billion dollars a year. It was easy to mollify the French. In the end their opposition to cancellation of the Red Line accord was bought with an opening to purchase oil in Venezuela, a promise to fully endorse further oil exploration in Iraq, the promise to build some Mediterranean pipelines for Iraqi crude, and a letter promising that in the event any problem developed with Iraqi crude, ARAMCO would assure France the supplies it needed. The terms were settled on January 21 1947; the Greek and Turkish crisis leading to the Truman Doctrine followed the next

month. By the end of April the Communists had left the government, and in June Secretary Marshall gave his Harvard speech announcing an aid program that became known as the Marshall Plan.

In the end Iraqi production was slowed as Saudi oil proved cheapest to produce at the well-head and of seemingly infinite supply. But France suffered no lack despite a fall-off in Iraqi production while Middle East oil stayed firmly in the Western orbit. In a curious conclusion Toprani notes that Iraq remains not fully explored to this day and its reserves are still believed to equal those of the Saudis. The Americans had good reason to invade in 2003 quite aside from the false issue of weapons of mass destruction. While one can agree with Toprani that the American concession to the French in 1947 helped the U.S. to gain control of “the greatest natural bonanza known to man,” it is less clear how this provided the “margin of victory” in the Cold War. The Soviets never lacked their own sources of supply. Toprani could have clarified the importance of his narrative by framing it better in the context of French-American relations in the period. But he has rendered us an important service in calling attention to this 1946 “French connection.”

**Irwin Wall** is Graduate Professor of History at the University of California, Riverside, and Visiting Scholar at the Center for European and Mediterranean Studies, New York University. He is the author of *The United States and the Making of Postwar France, 1945-1954*, and *France, the United States, and the Algerian War*, and other works on the history of French politics and international relations.

**Copyright © 2012 H-Net: Humanities and Social Sciences Online.**

---

H-Net permits the redistribution and reprinting of this work for non-profit, educational purposes, with full and accurate attribution to the author(s), web location, date of publication, H-Diplo, and H-Net: Humanities & Social Sciences Online. For other uses, contact the H-Diplo editorial staff at [h-diplo@h-net.msu.edu](mailto:h-diplo@h-net.msu.edu).