OIL – AS A TOOL OF INFLUENCE IN INTERNATIONAL RELATIONS 1925 – 1935 (ON THE EXAMPLE OF GERMANY)

INTRODUCTION

All sorts of transformations connected with technical progress and often related to the military sphere have become a trademark of the last quarter of the 19th and the first quarter of the 20th centuries. One of them was the increased role of commodity sources, the most important of which was energy and, above all, oil. The prominent role of oil in the modern period of history is indisputable. Oil and its derivatives, gasoline, paraffin, and diesel are the lifeblood of internal combustion engines, which are involved in virtually every field, but above all in the military. If tanks and aviation only made a (conditionally speaking) timid appearance during the First World War, it became clear to many in the 1920s that the future war would be a “battle of machinery”. Access to oil reservoirs, means for their transportation and possession of oil reserves became an absolute must for any participant in possible hostilities.

The importance of having access to oil fields was apparently understood by some very influential personalities since for currently unknown reasons, access to oil fields was almost completely denied for Germany, previously being suffered from a crushing defeat in World War I. This was reflected, among other things, in the Treaty of Versailles tallied the results of the Paris Peace Conference. The fact that Germany had almost no oil sources of its own created, among other conditions, for it to become a factor in international politics should revanchist sentiments grow there, and accordingly, actors possessing oil fields were able to turn them into an instrument of international relations.

After Hitler came to power in Germany in early 1933, Western influential and ruling circles began a very sophisticated political game in which oil was used alongside the financial factor. Among other things, materials made available to scholars in the early 2000s made it possible to argue that it emerged as an instrument in a diplomatic game aimed at creating the technical conditions for pushing Germany eastwards from the beginning of 1933 to the spring of 1935. It involved a number of European countries under the Versailles-Locarno system (MOROZOV, 2004; MOROZOV, 2005; MOROZOV, 2007).

This paper is intended to explore the circumstances, details, and elements of the process, when some influential politicians and governing circles, including those in Great Britain, used oil as a tool while sensing the targeted perspective of new National Socialist political figures in Germany, and attempted to use the legal features of the Versailles Treaty for their own far-reaching purposes. In particular, the Weimar Republic’s virtual absence of its own oil fields and the monopolisation of oil supplies in the context of the implementation of the “legal mechanism for pushing Germany eastwards”. As a source base, it would be advisable to draw on Soviet intelligence documents from the Russian State Archive of Social and Political History and materials from their collection in the Archive contained in the Russian History Institute of
the Russian Academy of Sciences. Materials from such official publications as Documents on Soviet Foreign Policy, Akten zur Deutschen Auswärtigen Politik, Documents on British Foreign Policy, Foreign Relations of the United States, etc. could be of considerable help. A supporting role could be played by memoirs, diary entries of direct participants in those events, and press evidence. Materials of already published research findings could also make an important contribution to achieving meaningful results.

The process of setting the background for the Versailles system modernisation was, on the one hand, a continuation of the complex set involving diplomatic and other relations between the West and Russia that had taken place since the First World War. And on the other hand, it implemented the desire of influential West European circles led by the British ones to form the legal mechanism that would allow Germany to begin revising the Versailles Treaty peacefully (MOROZOV, 2016).

The immediate impetus for their emergence should be considered a memorandum by Minister O. Chamberlain, "British Policy on the European Situation", drafted in February 1925 in the bowels of the British Foreign Office. Among other things, it contained an interesting passage about Russia: "Europe is now divided into three main elements, namely the victors, the vanquished, and Russia. The Russian problem, which remains the most acute continuing danger, can only be posed as a problem; it is impossible to foresee what consequences for the future European stabilisation the collapse of Russia will have. It is true, on the one hand, that the sense of insecurity felt by the organizing a new Western Europe is significantly due to the disappearance of Russia as a power responsible to the concert of European states. On the other hand, the Russian problem belongs, for the present moment, more to Asia than to Europe; tomorrow, Russia may again figure decisively as a factor in the balance of continental powers, but today it is like a storm cloud on the eastern horizon of Europe, being threatening, obscure, but now also detached. Russia is therefore not a factor of stability; it appears to be the most dangerous of all surprises, and unknowns; and a 'security policy' must be created independently of Russia, or perhaps even because of Russia" (MARTIROSYAN, 2008).

It is as an implementation of this concept that the appearance of the Locarno documents of 1925, with their international legal mechanism for pushing Germany eastwards, should be considered. Its essence was, among other things, that Germany's western borders (primarily with France) were fixed in them at treaty level and covered by the guarantee of European countries headed by England. However, the level of arbitration treaties had been prepared for the eastern borders (above all those with Poland and Czechoslovakia), and the aforementioned European guarantee did not apply to them. The arbitration treaties opened considerable room for political manoeuvre for their authors in the eastern (read Soviet) direction. As it turned out later, a role was also envisaged for the oil factor.

After the results of the First World War had been summed up in the final documents of the Paris Peace Conference, and above all in the Versailles Treaty, Germany found itself deprived in fact of its own sources of oil production (KLYUCHNIKOV & SABANIN, 1925). At the same time, among the victorious countries, Great Britain had the most favourable position about this indicator, because it had one of the largest oil-producing and refining monopoly giants, Royal Dutch Shell headed by Henry Deterding.

At first glance, this fact may seem unremarkable and unimportant. Indeed, during the Weimar Republic, it made little or no publicity, because until 1933, oil deliveries to Germany were carried out by the Soviet-German joint venture Derunaft (oil supplies) and Derop (gasoline and paraffin supplies), which almost completely covered the demand for oil products there. However, on March 3, 1933, Moscow received an urgent wire from the Soviet Embassy in Berlin, which said: "We received information about an inspiration of arson of the Reichstag by Derending hoping to escalate the struggle with communism and the Soviet Union, to expel Derop, and to implement his oil monopoly in Germany. His agents are presumed to have been involved. Deterding acted jointly with Göring. According to our information, this message will appear in French and American printed media" (USSR FOREIGN POLICY DOCUMENTS, 1970).

A more in-depth study in this area suggests a somewhat more detailed coverage of the behind-the-scenes activities carried out by a certain part of the British ruling circles. As Germany and Japan posed a threat to the overseas possessions of the British Empire, which by 1930
concentrated 59 per cent of British overseas investment, protecting them became a primary concern of British diplomacy (TEICHOVA, 1974). This task was greatly facilitated by redirecting the greedy eyes of Berlin and Tokyo from the British colonies to Soviet Russia, which was outside the Versailles-Locarno system. From an objective point of view, it was the reorientation of German expansion in an eastern, i.e. Soviet, direction that became one of the priorities of the British political leadership. The British historian J. Colvin wrote that many people in London in the first half of the 1930s were no strangers to the “accompanying idea” of “steering Germany eastwards”. It was often discussed in the City, in aristocratic clubs, and at dinner parties in Cliveden, being a residence of the pro-Hitler millionaires, Astors, who were visited, among others, by Foreign Secretary D. Simon (COLVIN, 1965).

To some extent, this trend appears to have been evident in English foreign policy, as it was noticed by contemporaries, including authoritative politicians. In late 1935, US Secretary of the Interior H. Ickes recorded: “According to the President, there is a mutual understanding between Germany and Japan, which leads to a joint game against Russia. Great Britain, being always anxious for the safety of the Empire and seeing with dislike the threat lurking in that combination for the British colonies, especially in Asia, decided to come to understanding with Hitler” (ICKES, 1953). Although the United States did not have as extensive intelligence apparatus before World War II as it does today, Roosevelt nevertheless seems to have had serious knowledge of London’s behind-the-scenes politics at the time, since he uttered this phrase aloud among his associates. On the whole, there was nothing surprising in it, since regardless of the protection of British interests in their colonies, the British ruling classes have traditionally paid serious attention to continental Europe.

As early as the early twentieth century, this received its ideological and theoretical justification in the works of the English “classic of geopolitics”, the author of the famous “continent-ocean” formula Sir Halford Mackinder. It is based on the assertion of an irreconcilable opposition between maritime and continental powers (“Viking-Mongol”, “Sailor-Horseman”), i.e. the West and the East. Developing it in a series of essays, the first of which, “The Geographical Pivot of History”, was published in 1904, he concluded that there was an inevitably aggressive way for the West to overcome this confrontation (MACKINDER, 1904; MACKINDER, 1919). Over time, the terms “Heartland” (Russian Western Siberia) and “World Island” (Eurasia) were introduced and the position was put forward: those who rule Eastern Europe dominate over the “Heartland”, those who rule the “Heartland” dominate over the “World Island”, those who rule the “World Island” dominate over the world. The phrase uttered by President F. Roosevelt in December 1935, may have indicated that by the 1930s, McKinder’s ideological-theoretical constructs had already been adopted by the British ruling classes.

After the visit of the NSDAP foreign ideologist A. Rosenberg to London in May 1933 and his conversations with the head of the Foreign Office D. Simon (Documents on British Foreign Policy, 1956) about Hitler’s plans of territorial invasion into Eastern Europe, the Secretary of the German embassy in London O. Bismarck declared to the Canadian gazetteer O. Bismarck, that there were no territorial claims against Nazi Germany. Bismarck told the Canadian newspaper the Toronto Daily Star that Germany would get a Polish corridor without war, and Poland in return would get a sector in Gdansk free of customs duties and a territorial compensation at the expense of Ukraine (WOJCECHOWSKI, 1965; «Pravda» newspaper, 17.06.1933).

In the summer of 1933, ‘a man of secrets’ Maurice Hankey, Secretary of the Cabinet and the Secretary of imperial defence committee, visited Germany and, on his return, presented ‘Notes on Hitler’s foreign policy in theory and in practice’ to the government. These outlined the possible prospects for the implementation of Nazi foreign policy in the light of British strategic interests (DESYATSKOV, 1981). This meant that the Führer’s eastern plans coincided with the foreign policy arithmetic of the British financial oligarchy: Hitler was receiving his ‘lebensraum’ in the east and renouncing his claims on British imperial property. To conceal the fact of cooperation with the German Nazis from the world community, British intelligence through Baron W. de Ropp established a secret channel of communication with A. Rosenberg. This so-

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1The American journalist M. Etheridge informed the world public of this in early June 1933 in American provincial newspapers (WOJCECHOWSKI, 1956).
called “second channel” functioned smoothly until the beginning of World War II. Most importantly, the Anglo-German contacts did not violate the integrity of the Versailles-Locarno system and the hierarchy established in European politics, which was most vividly demonstrated in the “Pact of Four” project.

One possible consequence of this political initiative would have been the de facto “rehabilitation” of Germany, including its inclusion in the “club of victorious states”, which would have meant revising its territorial borders using arbitration agreements, and obtaining concessions from Czechoslovakia and Poland. However, the leaders of both Western Slavic states managed to postpone this prospect by various means and at different costs for a short period of time. In 1933 the Polish leadership compelled Hitler to negotiate and sign, among others, a secret pact which enabled Pilsudski to join hands with the Nazis and in company with the Japanese militarists to initiate certain agreements for elaborating joint plans against the USSR (MOROZOV, 2004; MOROZOV, 2016; MOROZOV, 2016).

There is other evidence on the seriousness of the Polish leadership’s intentions towards the “eastern” direction at that time. For example, the American ambassador in Moscow V. Bullitt wrote in July 1934 to the US Secretary of State C. Hell that Pilsudski was expecting a Soviet-Japanese war and wanted to keep his hands free in the east in order “to recreate the former greatness of Poland there” (Foreign Relations of the United States, 1951). Overall, the American diplomat’s report correctly reflected the essence of the political situation in Eastern Europe, but he underestimated the Polish marshal in one respect: he was not expecting the Soviet-Japanese war but was preparing the necessary preconditions for it together with Führer to the best of his ability.

Berlin was not in a position to accept the Japanese general’s proposal at that time, as it was totally dependent on oil imports. Most of the world’s oil production, as well as its movement on the international market, was in the hands of British and American concerns (MEDLICOTT, 1952). Lacking a strategic oil reserve, the Führer, for all his hatred of Bolshevik Moscow, could not support any militaristic aspirations. It required finances, the political will of official London and, most importantly, time. The necessary amount of fuel and lubricants could not be secured until the spring and summer of 1935.

After the assassination in Marseilles on October 9, 1934 of the French Foreign Minister L.Bartoux, one of the main advocates of collective security system in Europe, the approaching war atmosphere became almost palpable, in diplomatic circles they started to speak about its imminence. In particular, E.Phipps, the British Ambassador in Berlin, repeatedly expressed in autumn 1934 - spring 1935 his deepest doubts about the possibility of maintaining peace in Europe. The likelihood of German aggression was considered in a treaty. On October 18, 1934, a representative of Hearst News Agency in London, W. Hillman, shared information with the American ambassador in Berlin, W. Dodd, that Britain had concluded a British-Dutch pact (AMBASSADOR DODD’S DIARY, 1961). Based on the latter, the eastern border of the Netherlands could be regarded as England’s eastern border in case Germany attacked France and the English army, when advancing towards Germany, entered Antwerp. In return for this

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concession by the Netherlands, England undertook to defend the Dutch possessions in the Far East from Japan (Ambassador Dodd’s Diary, 1961).

By autumn 1934, Polish-Japanese military-technical cooperation had already gathered considerable momentum. On 11 November, Polish Counsellor of the Japan embassy in Warsaw, B. Podolski, wrote to Deputy People’s Commissar B. S. Stomonyakov that “the Polish military and metallurgical industry had Japanese orders”, and the Japanese General Staff was keeping a wide surveillance on the Soviet Union from the Baltic States and Poland (USSR foreign policy documents, 1971). Largely due to activity of the Polish Commercial Attaché in Tokyo Trawiński⁶, Poland was contracted to manufacture 100,000 rifles for Japan and also sold it a licence to manufacture the P-7 fighter jet. Polish companies fulfilled military orders for rolled steel, armour plates, pipes, and turbines (USSR foreign policy documents, 1971).

The issue of a strategic oil reserve for the Führer was also organisationally resolved at this point. US Consul in Hamburg, Erhardt, reported to Ambassador Dodd⁷ the plan of the Reich Economic Ministry, which was presented in July 1934 to international concerns (Standard Oil, Shell, Anglo-Persian Oil Company) to import to Germany 1 million tonnes of oil products on credit worth about $250 million. The American diplomat explained the creation of this so-called national reserve “as a last resort or, to put it another way, in the case of war” (Foreign Relations of the United States, 1951). The Western diplomat’s testimony is very valuable as it reveals the real motives behind the oil deal, i.e. preparation for war, in which the Nazis and Western oil concerns were involved. The oil delivery was supposed to take place within 4 months of payment.

The latter became possible after 1 November 1934, when an Anglo-German agreement was signed in Berlin, which provided Germany with the necessary funds (DESYATSKOV, 1988). Soon it became known that Sir Henry Deterding, head of the Anglo-Dutch oil company Royal Dutch Shell, intended to come and see Hitler. Thus, the oil factor can be regarded as a peculiar but very effective tool in international politics used between 1925 and 1935. Germany left virtually without its own oil reserves after World War I, had to import crude oil from abroad until 1933 and had to engage the services of Soviet suppliers Derunaft and Derop. However, after signing the Locarno agreements it was clear that changes would soon follow. During the Locarno conference, there were reportedly more oilers than politicians in the hotels («Pravda» newspaper. 17.06.1933).

And as it turned out later, there was a reason for this. When the political situation changed after the National Socialists came to power in the beginning of 1933, this tool was skilfully used by the British business circles and, in particular, by Sir Henry Deterding, head of the largest oil monopolist “Royal Dutch Shell”. In the first phase, during 1933, rival firms Deruneft and Derop were squeezed out of the German market. In the second phase, during 1934, the German Reich Ministry of Economics incorporated major oil supplies to create a strategic reserve for future war. In the third phase, however, British banks provided Germany with the necessary funds to secure these supplies and during 1935 this oil was delivered.

⁶In the last decade of June 1934, the Japanese newspaper Nitsi-Nitsi gave much attention to his trip to Osaka and his speech at a meeting of the Osaka business circles, where he called for stronger business relations between Poland and Japan (Scientific archive of the Institute of Russian History).

⁷Ambassador Dodd made this entry on 8 November 1934 (AMBASSADOR DODD’S DIARY, 1961).
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Oil – as a tool of influence in international relations 1925 – 1935 (on the example of Germany)

Petróleo – como ferramenta de influência nas relações internacionais 1925 – 1935 (no exemplo da Alemanha)

Petróleo – como herramienta de influencia en las relaciones internacionales 1925 – 1935 (en el ejemplo de Alemania)

Resumo
O artigo examina as circunstâncias, detalhes e elementos do processo de uso do petróleo como ferramenta, quando alguns políticos influentes e círculos dirigentes, inclusive na Grã-Bretanha, percebem as perspectivas de novas figuras políticas na Alemanha dentre as nacionalistas, tentaram usá-los em seus objetivos de longo alcance relativos às características jurídicas do Tratado de Versalhes. Em particular, a ausência real de campos de petróleo próprios na República de Weimar e a monopolização do fornecimento de petróleo no contexto da implementação de um “mecanismo legal para empurrar a Alemanha para o Leste” tornou possível o controle a atividade de política externa do regime de Hitler até certo ponto.

Palavras-chave: Petróleo. Relações internacionais. Alemãnia. Tratado de Versalhes.

Abstract
The paper examines the circumstances, details, elements of the process on using oil as a tool, when some influential politicians and ruling circles, including in Great Britain, sensing the target prospects of new political figures in Germany from among the social nationalists, tried to use them in their far-reaching purposes concerning the legal features of the Versailles Treaty. In particular, the actual absence of its own oil fields at the Weimar Republic and the monopolization of oil supplies in the context of implementing a "legal mechanism for pushing Germany to the East" made it possible to control the Hitler’s regime foreign policy activity to a certain extent.

Keywords: Oil. International relations. Germany. Versailles Treaty.

Resumen
El artículo examina las circunstancias, los detalles y los elementos del proceso sobre el uso del petróleo como herramienta, cuando algunos políticos influyentes y círculos gobernantes, incluso en Gran Bretaña, perciben las perspectivas de objetivos de nuevas figuras políticas en Alemania de entre los sectores sociales-nacionalistas, intentaron utilizarlos en sus propósitos de largo alcance en relación con las características legales del Tratado de Versalles. En particular, la ausencia real de sus propios campos de petróleo en la República de Weimar y la monopolización de los suministros de petróleo en el contexto de la implementación de un “mecanismo legal para empujar a Alemania hacia el Este” hizo posible controlar la actividad de política exterior del régimen de Hitler hasta cierto punto.

Palabras-clave: Petróleo. Relaciones internacionales. Alemania. Tratado de Versalles.