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*Published in:*  
e-International Relations (e-IR)

2010

[Link to publication](#)

*Citation for published version (APA):*

Behravesh, M. (2010). Iran and Britain: The Politics of Oil and Coup D'état after the Fall of Reza Shah. *e-International Relations (e-IR)*. <http://www.e-ir.info/2010/12/02/iran-and-britain-the-politics-of-oil-and-coup-d%E2%80%99etat-after-the-fall-of-reza-shah/>

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# The Politics of Oil and Coup D'état after the Fall of Reza Shah

## [Iran and Britain: The Politics of Oil and Coup D'état after the Fall of Reza Shah](#)

By [Maysam Behravesh](#) on December 2, 2010

This article is the second of a two part article. Read the first part, *Iran and Britain: The Politics of Oil and Coup D'état before the Fall of Reza Shah* [here](#)

Upon his succession to the throne of Iran in September 1941, Mohammad Reza Shah found himself under enormous foreign, particularly British and American, control that inclined him to design Iran's foreign and domestic policies in accordance with the Western interests. The first sign of Shah's pro-Western policy was his open support for the involvement of American political advisors and companies in Iranian politics and economy, which was encouraged and approved by the British government as Sir Reader Bullard, the then British Ambassador to Tehran, reveals in a private letter to his wife.<sup>[1]</sup> The turbulent political ambience of the country generated by the growing popular discontent with Mohammad Reza's misguided policies along with his Westernization plans led to the takeover of government in 1951 by Mohammad Mosaddeq, a prominent member of the nationalist National Front Party. He was an ardent advocate of an independent Iran and set in his early days in power to pave the way for nationalization of petroleum industry in the country. By then the calls for the oil nationalization or at least altering the terms of oil concessions were heard from Venezuela and Saudi Arabia that sought a 50/50 share in the total oil revenues.<sup>[2]</sup>

The 50/50 compromises took effect and succeeded in restoring a considerable degree of calm in most of the Middle East oil-producing countries. This was not, however, the case in Iran, at least not until Mosaddeq was heading the government and pushing firmly for complete Iranian independence in oil production and exploration. His disagreement with foreign control of Iran's oil industry effectively started years earlier in 1943 when Iran was under Allied occupation and mostly due to Shah's endearing policies towards the American and British governments, major oil companies – American 'Standard Vacuum' and 'Sinclair' as well as British-Dutch 'Royal Dutch Shell' – was approaching the Iranian government for oil concessions in the South East provinces. A year later, having become aware of the rival negotiations over new concessions, the Soviets put forward similar demands to carry out exploitation in the Northern provinces. Mosaddeq, then a member of the *Majlis* from Tehran, passed a bill through parliament, banning all government negotiations with any foreign persons or entities, official or non-official as well as related agreements unless they were ratified by people's representatives in the *Majlis*.

Great Britain, which was precipitously losing its empire in the wake of India's independence in 1947 and via the emerging post-war consensus over decolonisation, built up its efforts to maintain its far more lucrative oil empire with US help.<sup>[3]</sup> Its conviction in the face of upward pressure from the nationalists in the *Majlis* for reducing the foreign monopoly over oil was that "further concessions would only stimulate the appetite of the Iranians while decisiveness would eventually force them to capitulate".<sup>[4]</sup> In fact, the British discounted the sweeping wave of political protest over the British control of Iranian oil possessions and furthermore were, as Ansari argues, 'contemptuous of Iranian nationalism even though the involvement of the *ulema*, particularly Ayatollah Kashani, was giving the struggle a sacred quality that intensified emotions'.<sup>[5]</sup> Interestingly, he cites an historian as noting that 'Mosaddeq ... was regularly described by the British Ambassador of the time in his despatches to London as a "lunatic" and characterised as being "cunning and slippery", with "short and bandy legs" and "a slight reek of opium"'.<sup>[6]</sup>

Nonetheless, the dice was cast; the Supplemental Agreement of 1949 to appease the nationalists was rejected by the parliament. It also refused to ratify a 50/50 profit-sharing agreement in 1951 when in virtue of Mosaddeq's resolute endeavours and in the absence of Razmara, the pro-British prime minister who was assassinated, the Anglo-Iranian Oil Company (AIOC) nationalization bill was overwhelmingly passed by the *Majlis* into law. Ayatollah Kashani, then an influential Iranian cleric, even went so far as to suggest marking 'a day of hatred against the British Government' as a national holiday.<sup>[7]</sup>

Mosaddeq's preoccupation with the nationalization of Iran's oil sector derived from his belief that such a

venture, once realized, could bring economic prosperity, national autonomy and political sovereignty in its wake. The loss of Abadan Oil Refinery as a result of action by the Iranian nationalists also dealt Britain's imperial prestige a stinging blow at a time when it was struggling to adapt itself to the disintegration of empire and come to terms with the ascendance of the United States in its stead in the Middle East. Another concern of the British government over the Iranian oil nationalization was its potential domino effect spreading throughout the region that could embolden other oil-producing countries to follow suit. However, the Americans who favoured tackling the rapid spread of communism over throwing their weight behind the British interests in Iran, initially showed sympathy to the liberal nationalist government of Mosaddeq.<sup>[8]</sup> The divergence of British and American policies towards the Iranian government had worried London. Anthony Eden, then British Foreign Secretary, raised the point in August 1952 that 'Mr. Acheson [the US Secretary of State] and the State Department, in their anxiety to ward off communism in Persia, have long desired to assist Mussadiq at the expense of the rights and interests of the AIOC and Her Majesty's Government'.<sup>[9]</sup> Yet, the British were hatching up a third scheme that was believed to serve the strategic interests of both sides better. Eden notes in his memoirs that,

*I did not accept the argument that the only alternative to Mussadiq was communist rule.*

*I thought that if Mussadiq fell, his place might well be taken by a more reasonable Government with which it should be possible to conclude a satisfactory agreement. I knew that the country was possessed of an elasticity and resilience which appearances did not suggest. Iranians have always been good at coming again.<sup>[10]</sup>*

Britain, however, was careful not to 'antagonize' the US as far as Iran was concerned, which could enable it to retain its influence in Washington. The early 1953 witnessed the gradual convergence of American and British policies in Iran. As Fain argues, the US politicians had come to gain the erroneous impression that Mosaddeq was gradually inclining towards the Soviet Russia by broadening his political base through the communist *Tudeh* party. The election of Dwight D. Eisenhower as US president, who held forthright anti-Communist views, also contributed to the adoption of 'less conciliatory and more confrontational' policies towards Iranian nationalists. A third reason for the convergence was the Anglo-American conclusion that a pro-Western government in Iran was indispensable to the development of a 'northern tier' defence establishment in the region.<sup>[11]</sup> Yet, a more cogent and compelling reason for the consensual foreign opposition to the Mosaddeq administration appears to be his maverick foreign policy of 'negative equilibrium' – categorized within what Adibzadeh rather appropriately calls the 'strategy of two-faceted confrontation' as the emergent discourse of the time<sup>[12]</sup> – that had its roots in his aspiration to cut foreign hands off Iran's national wealth and bring independence, freedom and democracy to it. According to Mosaddegh,

*Our nation aspires to political equilibrium, namely, an equilibrium which is to the benefit of this country, and that is negative equilibrium ... The Iranian nation will never agree to positive equilibrium ... The nation knows that through this policy, it will not take long to lose all it has ... The Iranian nation views the governments that betrayed the country negatively ... In my opinion, the negative equilibrium is achieved when elections are held freely ... and whenever political balance is established, then concerns about not only one country but all surrounding states will be eliminated. If only the surrounding states ... would treat us justly.<sup>[13]</sup>*

In another speech denouncing oil concession to the Soviets, he opposed the political equilibrium this could bring, stating significantly that,

*... [G]ranting [this] concession is as if a person whose one hand has been mutilated consents for the sake of maintaining equilibrium to have his other hand cut off, whereas such a handicapped person [should] seek for an artificial hand at least to keep up appearances, and any handicapped person who wants to lose his other hand too, had better rid himself of life's burden and commit suicide [in the first place] before his second hand is cut off.<sup>[14]</sup>*

With this in Mosaddeq's mind, there was little room, if any, for any foreign power to play a leading role in the country's domestic affairs or steer its economic policies in its own strategic interests. Mahdavi regards him as the pioneer of 'non-alignment policy' in the third world. [15] Operation Ajax against his government, orchestrated covertly by UK and US intelligence services on August 19 1953, made it clear for many Iranian intellectuals that their historical victimization did not have solely internal reasons as was often the case with Iran under Qajar rule. It was not simply due to the incompetence or imprudence of its rulers or the volatility of its masses, but that foreigners *did* have a central part in causing it, either by deception or coercion. Finally, there is no escape from the fact, as Gheissari and Nasr point out, that the Iranian public perception of national interests as increasingly diverging from that of Mosaddeq, most Iranians' mounting concerns for his hard-headed rejectionism as well as their sympathies for the monarchy contributed to his fall, '[a]lthough popular perceptions in later years would deny this'. [16] He struggled, however, to remove from Iran's political and economic theatre the very forces who removed him, by putting his faith in the national movement of Iranians.

During Mosaddeq's trial after the coup, he avowed that, '[a]s Prime Minister, I relied upon the movement the nation of Iran had set up and the sentiments it expressed, and overcame the English government everywhere. I dismissed England from Iran.' [17] Perhaps Eden was right that 'Iranians have always been good at coming again'. Either one acknowledges the socio-historical fickleness and inconsistency of the Iranian populace – what Eden euphemistically calls 'elasticity' – as a sociological catalyst for the overthrow of Mosaddeq or not, the coup d'état against him was indeed the coup de grâce to its identity-image in Iran; a coup which served to revive the declining monarchical autocracy and demoralize the emergent force for democracy in Iran; a coup without which, as Fekhreiddin Azimi puts it, 'Iran might well have escaped the cataclysmic later revolution' of 1979. [18] Indeed, it helped reinforce those deep-rooted feelings of Anglophobia in the Iranian collective psyche which had developed since the Qajar era and have lasted until the present day.

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#### Notes:

- [1]. Abdul-Reza H. Mahdavi, *Siasat-e Khareji-e Iran dar Doran-e Pahlavi [Iranian Foreign Policy in the Pahlavi Period]*, 2<sup>nd</sup> ed. (Tehran: Alborz Publishing, 1374/1995), P. 88; Mohammad R. Saidabadi, *Iranian-British Relations Since 1979* (Unpublished Doctoral Dissertation) (Canberra: Australian National University: 1998), p. 38.
- [2]. For further details on how the 50/50 agreements were reached between companies and home and host governments, see Francisco Parra, *Oil Politics: A Modern History of Petroleum* (London and New York: I. B. Tauris, 2004), pp. 14-21.
- [3]. William Engdahl, *A Century of War: Anglo-American Oil Politics and the New World Order* (London: Pluto Press, 2004), p. 92; Abdul-Reza H. Mahdavi, *Siasat-e Khareji-e Iran dar Doran-e Pahlavi [Iranian Foreign Policy in the Pahlavi Period]*, 2<sup>nd</sup> ed. (Tehran: Alborz Publishing, 1374/1995), pp. 127-8
- [4]. Fakhreddin Azimi, 'The Reconciliation of Politics and Ethics, Nationalism and Democracy: An Overview of the Political Career of Dr Muhammad Musaddiq', in James A. Bill and W. M. Roger Louis, eds., *Musaddiq, Iranian Nationalism and Oil* (London: I. B. Tauris, 1988). p. 53.
- [5]. Ali M. Ansari, *Confronting Iran: The Failure of American Foreign Policy and the Next Great Crisis in the Middle East* (New York: Basic Books, 2007), p. 29.
- [6]. *Ibid.*, pp. 29-30.
- [7]. Daniel Yergin, *The Prize* (New York: Simon and Schuster, 1991), p. 463; Cited in David Farber, *Taken Hostage: The Iran Hostage Crisis and America's First Encounter with Radical Islam* (Princeton and Oxford: Princeton University Press, 2005), p. 53.
- [8]. For details on the Truman administration's position and Averell Harriman's mission to Iran to negotiate with Mosaddeq, see David Farber, *Taken Hostage: The Iran Hostage Crisis and America's First Encounter with Radical Islam* (Princeton and Oxford: Princeton University Press, 2005), p. 53.
- [9]. Cited in William T. Fain, *American Ascendance and British Retreat in the Persian Gulf Region* (Houndmills and New York: Palgrave, 2008), p. 39.

[10]. Anthony Eden, *The Memoirs of Sir Anthony Eden: Full Circle* (London: Cassell, 1960), p. 201, Cited in Mohammad R. Saidabadi, *Iranian-British Relations Since 1979* (Unpublished Doctoral Dissertation) (Canberra: Australian National University: 1998), p. 47.

[11]. William T. Fain, *American Ascendance and British Retreat in the Persian Gulf Region* (Houndmills and New York: Palgrave, 2008), p. 39; See also Lawrence Freedman, *A Choice of Enemies: America Confronts the Middle East* (New York: PublicAffairs, 2008), p. 63; For further details on Mosaddeq's relationship with the Tudeh party see Maziar Behrooz, *Rebels with a Cause: The Failure of the Left in Iran* (London: I. B. Tauris, 2000), pp. 3–16.

[12]. According to Adibzadeh, this strategy comprised two tactics, with the first being opposition to the (dominant) status-quo power – its internal or domestic facet – and the second opposition to foreigners – its external or foreign-policy facet. For further details, see Majid Adibzadeh, *Zaban, Gofteman va Siasat-e Khareji: Dialectic-e Baznemayi az Gharb dar Jahan-e Nemadin-e Irani* [Language, Discourse and Foreign Policy: The Dialectic of the representation of the West in the Iranian Symbolic World] (Tehran: Akhtaran Publishing, 1378/2008), Chapter 6, especially p. 146.

[13]. Cited in Abdul-Reza H. Mahdavi, *Siasat-e Khareji-e Iran dar Doran-e Pahlavi* [Iranian Foreign Policy in the Pahlavi Period], 2<sup>nd</sup> ed. (Tehran: Alborz Publishing, 1374/1995), p. 162.

[14]. Cited in *Ibid.*, p. 163.

[15]. *Ibid.*, p. 165.

[16]. Ali Gheissari and Vali Nasr, *Democracy in Iran: History and the Quest for Liberty* (Oxford: Oxford University Press, 2006), p. 54.

[17]. Jalil Bozorgmehr, *Mosaddeq dar Mahkame-ye Nezami* [Mosaddeq in the Military Court], Vol. 1 (Tehran: Iranian History Publishing, 1362/1983), p. 28, Cited in Abdul-Reza H. Mahdavi, *Siasat-e Khareji-e Iran dar Doran-e Pahlavi* [Iranian Foreign Policy in the Pahlavi Period], 2<sup>nd</sup> ed. (Tehran: Alborz Publishing, 1374/1995), p. 159.

[18]. Fakhreddin Azimi, *The Quest for Democracy in Iran: A Century of Struggle against Authoritarian Rule* (Cambridge and London: Harvard University Press, 2008), p. 13.

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