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**The nationalization of Iranian oil during the National Front government
and the position of Western countries in this respect**

The article deals with an important stage in the history of Iran – the nationalization of Iranian oil by the Iran National Front government and the attitude of the Western powers to these nationalization events. Here is spoken about the divergence of opinions around the Iran issue between the United States and Britain. Despite the short duration, this period left quite serious traces in the history of Iran.

Key words: *Mosaddeg, Nationalization, Anglo–Iranian Oil Company, Abadan, Shah, Reza, Razmara.*

A new stage began in the history of Iran with the National Front government. Fighting against the exploitation of natural resources of Iran by the United Kingdom at that time, this government managed to put an end to the ruling of the country by the Anglo–Iranian Oil Company. The National Front organization was founded by Mohammad Mosaddeg in October 1949. Since its establishment with systematic and consistent struggle it had become Iran’s most influential political institution.

Mohammad Mosaddeg was born in 1882 in a family belonging to the upper strata of the society. His mother was the shahzadah (princess) of Gajar dynasty, and his father was from a well–known tribe of Ashtiyani and for more than 20 years had

served as finance minister at Shah Nasiraddin. In 1921, following Reza Khan's coming to power the khan with intention to use Mosaddeg's authority and ability appointed him to the post of the Minister of Finance. As from the first days in this post he had began a campaign to struggle against the bribery of Reza Khan and his relatives very soon he was forced to resign. In 1922 he was appointed the governor of the Azerbaijan province. He had resigned from the post when Reza Khan refused to give him command of the military forces in the province. Despite he was appointed as the Minister of Foreign Affairs in 1923, understanding that Reza Khan neither democratic, nor possess national values, after a short period of time he resigned from this post too. Decided to be elected a Member of Parliament, he put forward his candidacy and in 1924 was elected to Parliament. Within 1924–1928 – during his activity at the Parliament, Mosaddeg standing in violent opposition against the shah Reza, without any political union membership activated basing on the values of justice. In 1940–41 years despite the fact that without any cause he was in prison, in 1943 with majority of votes he was re-elected to Parliament. Although in 1947, he put forward his candidacy for re-election to the 15th convocation of the Parliament but due to forgery failed. A hard life led Mosaddeg to chronic nervous disorder. In October 1949, creating the National Front organization and uniting a part of MPs being in opposition against the campaign «Addition to the oil agreement» joined to the active struggle. His first step was the struggle against the forgery in the elections of 16th convocation of the Parliament. As a result 8 members of the National Front were elected members of Parliament. Following to be the chairman of Parliament's Oil Committee Mosaddeg brought the Parliament into action against the adoption of «Additions to the oil agreement», in the line with the nationalization of Iranian oil. As a result of the purposeful and systematic struggle, in March 1951, the Parliament and the Senate passed a law on the «Nationalization of the Iranian oil». Two months later Mosaddeg was appointed Prime Minister. The local and foreign opposers of Mosaddeg hoped that his efforts for the nationalization of oil will be ineffective and soon he will leave the political scene. Great Britain's Ambassador to Iran Francis Shepherd wrote in his report: «Many politicians believe that Mosaddeg's authority

will not last long and in the short duration of time will fail» [1,p.257]. Seyid-Ziya, one of the local opposers of Mosaddeg associated his success with the weakness of the Shah. However, he believed that «this post is the rope given to him to hang himself» [1,p.257]. The US and the USSR were of the similar opinions about Mosaddeg. George Mac Gi, the US Assistant State Secretary for the Near and Middle East, considered Mosaddeg to be a tough chauvinist with strained opposite position against all foreigners, especially to the British. He also had stated that Mosaddeg was against the impact of British rule in Iran, as well as such countries as the US and the USSR. In a part of his extensive report relating to the situation in the Near and Middle East countries Mac Gi noted in connection with Iran: «Mosaddeg is the key to the current situation. Ali Razmara, Hussein Ala and the Shah were made to be silent by Parliament. The Shah cannot dissolve the Parliament, like his father. The creator of this Parliament is Mosaddeg. I think it is not worth being concerned about his attitude towards the Soviet Union. If we are able to create a solid base then we can work with him, if we cannot work then we will really face with unpleasant situation. I think approaching this issue from a positive view point we should not stop support. If Britain and the United States turn their back on Iran, then this country will be in closer terms with the Soviet Union» [2,p.118]. The US State Secretary Din Acheson believed Mosaddeg to represent the great revolution of nationalistic spirit shaking not just Iran, but all the Middle East. Mosaddeg's attitude to the USSR like to all foreign countries was not good, and the Westerners were aware of it. However, one of the main arguments often sounded in the campaigns against Mosaddeg was his relation with the Communists. British press going a little further accused him in «stealing» the British company and called him «a tool of communism» [3,p.178].

Since his election as the MP in 1941, Mosaddeg could attract the attention of the USSR with his reports. His speeches against Gavvam –as –Selteneh and the head of the United States mission Arthur Milispo did not escape the Soviet's attention. When his political activities were analyzed by the Embassy of the USSR had been emphasized that Mosaddeg was against the friendly relations with the Soviet Union and the democratic movement in Iran.

In one of the meetings of the cabinet Britain's Prime Minister Clement Etti commenting on nationalization of Anglo–Iranian Oil Company by Britain said that to give a little opportunity to Mosaddeg then to recognize the nationalization and preparing a mixed agreement to save most of the company's parts was the only advisable way. But the Minister of Foreign Affairs of Britain Herbert Morrison, opposed the idea of compromise, and claimed that to make concessions to Iran won't be a good example and would give courage to the national movements everywhere. His statement was sufficient to make Etti change his mind. Therefore, Etti sent immediately a telegram to Oliver Franchise, the British Ambassador to Washington. He wrote him to hand to Din Acheson: «As the Iranian oil is vital for our economy, we think it is important to use every possible means to prevent the Iranians to avoid the contractual obligations» [4,p.91].

On April 30, the Senate of Iran approved the bill on the nationalization of the country's oil industry. On May 1, 1951, the Shah of Iran signed the decree on the nationalization of the oil industry [5]. From the first days of his authority through the democratic development of all sectors of society Mosaddeg allowed free activity of all political organizations. The government was responsible before the public and the Parliament. Mosaddeg had focused his attention on improving the socio–economic condition due to the country's natural resources. Prime Minister of Iran, targeting the activity of foreign monopolists began to clarify the relations with Anglo–Iranian Oil Company. On May 2, the Prime Minister Mosaddeg stated in his speech in Parliament: «The contract with AIOC in 1933 was signed under duress, and Iran is not obliged to fulfill the contract» [5]. He demanded the Anglo–Iranian Oil Company's accounting books to be checked up and all discounted amount in prices of petroleum products sold to the UK fleet to be returned to Iran. After this step of the Iranian government, on May 19, the ambassador Shepherd handed the British government's note to the government of Iran. The note claimed that, the Iranian government did not have unilateral right to cancel the 1933 year's agreement signed with AIOC. Also, it was noted that the issue can be solved through direct negotiations between Britain and Iran and the British government was ready to send a special

delegation to Iran to conclude a new contract. The US government appreciated positively the British government's appeal with note to Iran. In this regard, the US State Secretary Din Acheson in his telegram addressed to Grady, the ambassador in Tehran with wide interpretation of the discussions which took place between the US officials wrote: «The United States believes that in all conditions the Prime Minister will reject Britain's offers for negotiations» [6,p.52]. On May 22, 1951, was declared the Iranian government bodies' response signed by Iran's Minister of Finance to the letter of Anglo-Iranian Oil Company's officials dated May 8. The Anglo-Iranian Oil Company's letter offered to solve the oil issue through arbitration. The response letter said: «The Minister of Finance on the Prime Minister's order adding copies of the law to this answer which announced the nationalization of the oil industry in all parts of Iran clarified once again that the principle of nationalization of the oil industry is based on the independent rights of the nations». It was also noted that «on the basis of the implementation of the Iranian people's independence rights the issue of the nationalization of the oil industry in Iran shall not be given to arbitration and no international body has authority to solve this issue [7]. On May 25, 1951 Mosaddeq held a press conference at the Parliament where he stated that if England or any other government insists in the continuation of functioning of AIOC, this insistence might give dangerous results to the free world, and no power will be able to prevent the possible serious situations.

On May 29, 1951, was held a meeting with the presence of the Prime Minister Mosaddeq, British Ambassador F.Shepherd, US Ambassador H.Grady and his assistant H.Stutesman in Tehran. Both western ambassadors tried to convince Mosaddeq that Iran cannot alone cope with the provision of technical equipment required for the sale and delivery of oil. In response Mosaddeq said with irony: «The British are mighty power, only they are capable of doing it ..! It is unpleasant situation for us. If the industry collapses, if it is hard up for money and the communists begin to action it will be entirely your fault» [8,p.58–59]. On May 31, following the meeting with ambassadors Mosaddeq informed about the details of the meeting in private session of Iran Parliament. As the program of the negotiations was

not known he told that he did not give consent to send the British delegation and the major issue was the implementation of the law of nationalization.

The United States president Truman in his letter to Mosaddeq expressing his concerns about the tensions between England and Iran in connection of nationalization of the Iranian oil wrote: «I hope that the Iranian government will implement the nationalization program in friendly conditions and by means of negotiations» [9,p.61–62]. In response letter, Mosaddeq describing the current serious condition of the Iranian people in details emphasized that AIOC has fettered the country's profit capabilities. In relation of nationalization of the oil industry the Prime Minister wrote: «This issue is the domestic affair of Iran and the Iranian government cannot start talks with any other party except the representatives of AIOC» [10].

The AIOC's request to Hague International Court to appoint the jury for judgment of Iran for denying the contract of 1933 unilaterally was rejected. It was grounded with that until the British government's complaint is not considered and the Iran government's protests put forward to defend her is not acquainted with, the International Court of Justice cannot accept the request of the company. Since the end of the war, though Britain had failed in the first of the two issues discussed at the International Court, in the second issue related to Albania it had won. Therefore, the British government believed to win the confrontation with Iran [11,p.464]. On June 2, 1951, the Prime Minister Mosaddeq and the Minister of Internal Affairs Zahidi held a meeting with the Minister of National Economy Amir Alai who would be responsible for the transfer of Iranian enterprises to the AIOC. At the conference, a number of issues relating to the post of minister of National Economy were discussed. On June 2, in the evening, the three-member Commission of Iran held a meeting with the Joint Commission on the implementation of the law on the nationalization of the oil industry. It was decided in the conference to organize the managerial staff in order to have right to own all the facilities of the AIOC and to manage them, as well as to rename the new company the «Iran national oil company». Also, the rules for the use of the nationalized enterprises by the AIOC were worked out in the conference.

Under the influence of England some of the British press and other special media spreading rumors about Iran tried to describe the Iranian government as the reactionary regime. On June 20, Mosaddeq appointed Mehdi Bazargan, an engineer who studied in France, the director of Iran National Oil Company. When Bazargan came to Abadan oil fields were still under the British administration. As the first measure, he demanded the British tanker captains to submit him receipts showing the amount of oil before leaving. He thought to determine the amount of the exported oil in this way. The British side stating this to be an inadmissible proposal claimed the oil still to be the property of the AIOC. When tanker captains refused to give receipts, Bazargan threatened Eric Draky, the Director General of the AIOC to be arrested for attempts of sabotage. After the ambassador Shepherd advised him to leave Iran he kept his advice, moved to Basra, and from there began to manage works. As the Iranians continued insistence on the receipts, the tanker captains in conformity with the command of the AIOC chief from London William Fraser had to return all the oil and to leave Abadan empty. Iran was the world's fourth largest oil-exporting country until that day, and 90 percent of the oil was exported from this country. Now, as Iran does not have a single tanker it will not be able to export oil. It was a favorable condition for Fraser who in this way wanted to bring the Iranian government to its knees. Following the AIOC representatives had rejected the proposal of the Iran government about depositing 25 percent of the company's daily revenue to the bank in order to pay the possible demands of the former company, the government decided to accelerate practical measures. The government's recent decisions were met by the Iranian population with a high mood. Realizing that it is pointless to stay in Iran, on June 22, the AIOC representatives left for London. On the same day evening, the US State Secretary Acheson addressing a letter to the embassy in England gave to Holmes some instructions to be delivered to the British government. (R.N. – the ambassador Gifford had gone to Washington for consultations, so Holmes was replacing him). Acheson firmly instructed Holmes to try prevent any British intervention against Iran and to abstain them from taking any step in this regard. In this connection, he wrote: «Still, there is no reasonable way for us to access. It will be

useful for us to know in advance how Britain wants to solve this problem» [12,p.67–69]. As the recent negotiations had ended without success, the US side fearing the dispirited British government to take wrong steps called Britain not to cross out all possible opportunities in order to continue the talks.

On June 23, the Iranian government put the oil fields in Shahabad and the oil refinery plant of the AIOC under its own subordination. Then, oil fields in Kirmanshah were given under the administrative authority of Iran. Mass demonstrations in support of the government's nationalization policy taking place in most of the provinces of Iran further inspired the government in this issue. Mosaddeq offered British technicians in Abadan not to leave, but to stay and work in Iran, and promised to show them a warm attitude. However, Fraser delivered an ultimatum to the British workers to leave Iran. On June 28, the representatives of the provisional managerial staff of Iran National Oil Company including their chief Bazargan came to the head office building of the AIOC in Khurramsehir and confiscated it. As the Chief of the AIOC enterprises in Khuzestan Drake had gone to Basra his three deputies stayed there. Deputies refused to work under the authority of the provisional managerial staff of Iran and declared that all the British technicians and workers in Abadan and Khurramsehir have resigned. Head of the Abadan office acted wisely and took all secret documents to the British consulate where the Iranians had no access. However, the head of the Tehran office Richard Seddon could not be as swift as he was. The Iranian delegation entering Seddon's house and conducting a search there in addition the documents burning in the hearth seized some documents more. These documents were enough for Mosaddeq to prove how powerful force had been the AIOC in the political life of Iran, how it had managed over the country. Among the documents were some that showed the payments for newspapers to issue articles about being of many leaders of the National Front the handy men of the AIOC. In addition, there were proofs about former Prime Minister Ali Mansur who «entreats» to stay in his post promised to appoint a new Minister of Finance that will recognize more privileges for the company. When the news about the secret documents was promulgated it had caused a wide resonance. In the meeting of Iran

Parliament held on July 1, MPs demanded the government to give information about the identity of those mentioned in these documents. In response to their demands the Deputy Prime Minister Fatemi stated that, some documents proving the fact that the former AIOC had given money to some state figures of Iran were really seized. As the investigations of tens of thousands of documents in a folder had not been ended by the government yet, these documents were not given to the discussion of the Parliament. The Iranian government set up a special commission consisting of MP representatives, senators and the representatives of the prosecutor's office to investigate documents found in Seddon's house.

In June 1951, the Hague International Court addressing a letter to Iran's Ministry of Foreign Affairs noted that the Court intends to hear Britain's complaint in connection of the dispute created between the Anglo-Iranian Oil Company and the Iranian government on June 30.

In an interview given in relation of this letter the Deputy Minister of Finance of Iran and the representative of the Iranian government in Joint Commission Hasibi stated that the issue of the Iranian government was not with British government but with the AIOC. According to him, as only considering the issues of conflict between the countries were in the jurisdiction of the Hague court, in this case the court has no legal bases for it. In order to find a way to overcome gradually deepening contradictions between the two countries the US President Truman held a meeting of the National Security Council. In the speeches of the meeting participants' who sensitively approached the processes in Iran felt excitement. Taking of this country an important place in the map of the USSR's expansion policy, and being the weakest link was the issue that all the participants agreed. Middle East experts who participated in the meeting unanimously stated that the loss of Iran will cost dear for the entire Middle East in the future. The loss of Iran which was extremely important from the strategic role and resources meant for Western world to be deprived from major energy sources. In the prepared reports was stated that if Britain intends to invade Iran, and if it happens the Iranian government's request to the Soviet Union for assistance will be inevitable. The aspect mostly disturbing Truman was just this.

During the meeting, in response to the United States' question what to do the participants' answered with proposals not so differing from the plan in periods when the issue of nationalization did not occur. It was stated there: «To increase the political support, to provide it with the authority as the main source of power, to expand economic, military and technical assistance by the US, to maintain internal security and stability, to prevent loss of Iran's independence by all means, and not to let the pressure and impact of communism in this area» [13,p.71–73]. On June 1, the British ambassador of the US in Iran Grady sent to the State Secretary all reports of recent official meetings beginning with British ambassador in Iran till the AIOC officials. In his report Grady, stated that «Iran is the bomb ready to explode». It appears from the report that the British were determined to overthrow Mosaddeg with the old tactics. Americans are of the opinion, that to overthrow the head of a government supported by the 95–98% of country's population would be a great folly. The issue called by Grady «folly» was the drastic step planned by the UK [14,p.79–81].

The Iranian government increasing nationalization measures was resolutely intended not to compromise. From July 2, the government began to wage the workers of nationalized enterprises from their own account. To this end, the money was gained from the sale of oil products in Iran.

On July 5, 1951, was held the final meeting of the International Court in Hague. The Court passed a decision in relation to the complaint of the United Kingdom to the AIOC. In this decision was mainly advised to settle the issue between the two countries. The decision demanded not to prevent the use of the oil fields as it was until May 1, 1951, as well as to realize the management of the AIOC by the previous administration. In other words, the application of the rules before the nationalization was wanted [15,p.90]. The representative of Iran in Hague Hussein Navvab assessed the International Court's decision as the intervention in the domestic affairs of the country and stated that it had no significance for Iran. The judges Polish B. Uiniarski and Egyptian B. Pasha like the Iranian representative raised their objections to the court's decision [15,p.96–98]. Received the information on the decision of the Hague

Court Mosaddeq got into contact with Bazargan, the chief of the provisional managerial staff of Iran National Oil Company in Khuzestan and the MP, head of the Joint Commission implementing the law on nationalization of the Iranian oil industry Maki and ordered them paying no attention to the decision of the International Court to continue their work.

Efforts made to remove the tension around the Iran oil due to the sides that did not compromise each other were ineffective. Fearing from the approach of Iran to the USSR the US tried to moderate his attitude to this country. However, the gradual deepening of the crisis and the change of government in the United States, as well as the death of the USSR head I. Stalin gave an impetus to the Americans taking a more assertive position against Mosaddeq to remove the Prime Minister from the power through a coup. Following the 1953 coup organized with the participation of the U.S. Central Intelligence Agency Western powers could not restore their previous influence in Iran.

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