

British Responses Towards Iran after Approving the Nationalization of Oil in 1951

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Abstract: The present study investigates the British responses after the nationalization of the Iranian oil industry. In fact, the nationalization of oil is a turning point in the study of contemporary history of Iran in that it determines its future incidents in the overt aspect the 1953 coup that terminated to collapse Prime Minister Dr. Mosaddeq from power. The British government stated the protesting reactions after the nationalization of oil. The present study investigates three main targets. In the first place, it attempts to study the British policy to put apparent calm negotiations in place by the mediation of Americans. Secondly, it elucidates that the British took another two different reactions; moreover, violence military threat as well as legal action, making a complaint against Iran to the International Court of the Justice in The Hague and to The United Nations. Thirdly, it intends to illuminate the policy of the British as the hidden agenda was to send some agents for spying inside Iran that it paved the way for further measures taken by the British, particularly to change Dr. Mosaddeq's government. Qualitative approach has been applied to examine how the British policy has affected the history of Iran. The main resource used in this study is given to the documents from archival research and several magazines as well as books. The resultant study manifests that the British not only planned to control the oil cartel circumstances in the world and to boycott Iran's oil via consultation with and through Americans but also they were the original source and effective factor in changing the domestic and foreign policies of Iran during 1953 coup.

Key words: Nationalization of oil, British, Dr. Mosaddeq, 1953 coup, magazines, Iran

INTRODUCTION

In 1901, the Iranian government had given the concession of oil in the whole country except five provinces in the North to William Knox D'Arcy for 60 years. By the British effort in the digging of the oil well, oil was observed and was extracted in Masjed-Soleyman. In April 1909, the Anglo-Persian Oil Company was formed and registered in London. In 1912, the first crude oil production exported. In 1914, House of Commons made a law and permitted the British government in order to buy some part of the shares of APOC. According to the contract which has been signed between the British government and the above-mentioned company, the British government bought 2 million of the normal shares and 1000 of the preference shares of APOC therefore, it gained the majority of the APOC's shares. That agreement led to opposition from the Majlis. It was the 1st time which the Majlis deputies made a statement about the D'Arcy's concession. It was also the first period of the

Majlis after the Constitutional Movement. On 2nd of January 1906, in the 5th session of the Majlis, the Ministry of Mines replied to the deputies' questions. At that time, the APOC got started and Iranian suspected the concession because it was given to foreigners without any consultation of the people. However in 1933, the oil agreement was extended once again between the company and the Iranian government for another 50 years. The contract also changed the company's title from APOC to AIOC. However, both agreements were not beneficial for Iran.

The first discussion and critical talk about 1933 oil agreement was done officially by Dr. Mosaddeq. On 29th of October 1944, he asserted a detailed talk in the 75th session of the 14 Majlis. After that it was published plenty of articles and books which was shown lack of public satisfaction in proportion to the above-mentioned agreement (Fateh, 2005). On 12th of October, 1950, Dr. Mosaddeq and some of the Majlis deputies impeached the Razmara's government. Dr. Mosaddeq with the

fraction of the Majlis had the most intense opposition towards Razmara's government in his full premiership's period. On 10th of December 1950, the Special Commission on Oil reported to the Majlis in order to discuss Oil Contract Extension which was not sufficient for achieving the full realization of Iran's rights and stated its opposition. In the Majlis session on 17th of December, 1950, the above-mentioned report was read in the Majlis and Dr. Mosaddeq delivered a speech on the nationalization of oil. On 29th of December 1950, the large gathering was formed in Baharestan Square to speak about government and oil company actions. They demanded for nationalizing of Iran's oil. In the Majlis session on 11th of January, 1951, the Majlis approved the signed plan by forty of the Majlis deputies in order to determine the government manner in the case of oil issue in 2 months. In the early 1950's, Dr. Mosaddeq, a democrat patriotic, achieved a significant outcome in nationalizing oil. The Oil Commission held twelve meetings from 29th of January, 1951 to 8th of March, 1951 to study the political, economical and judicial aspects of the situation. The committee made its final decision based on the agreement of the majority of the members on Thursday, 8th of March, 1951 and submitted the results to the Majlis. The decisions were finally approved in the Senate Assembly on 20th of March, 1951 (Fateh, 2005). On 27th of April, 1951, the Oil Commission presented to the Majlis its report on the implementation of the nationalization of oil. The report includes nine-point law (Fateh, 2005).

To conclude, the movement of the nationalization of the Iranian oil industry was certainly a national movement and the origin of it was definitely the feeling of the Iranian nation. It should be said that National Front's leaders at the top, Dr. Mosaddeq were in possession of the policy and wisdom as well. More members of National Front who were present at the Special Commission on Oil supported the nationalization of oil and the oil independence from the domination of Britain in Iranian oil industry. As Dr. Mosaddeq and his supporters announced, the main purpose of the nationalization of oil was to achieve complete economic independence in oil industry in order to find a stable democratic government in Iran. In fact, the future challenges between Britain and Iran would illustrate it.

THE BRITISH RESPONSE TOWARDS IRAN AFTER APPROVING THE NATIONALIZATION OF OIL

After the approval of the Oil Nationalization Law, some notes were exchanged between the British and the Iranian governments in which the British government prevented Iran from the nationalization of oil. The Iranian

government responded that the Oil Nationalization Law had been approved through the majority of votes and the Oil Commission had already started studying the execution law. With continues efforts of Dr. Mosaddeq, the Oil Commission submitted the final report of the Oil Nationalization Execution to the Majlis. Subsequently, the British started its conflicts towards the Iranian government, exactly after passed the implementation law of the nationalization of oil by the Majlis and the Senate on 1st of May, 1951. The AIOC and the British government objected strongly to the Iranian government and considered it as the unilateral breach of the 1933 contract. Hence, the British took several actions to resolve the disputes.

APPARENT CALM, NEGOTIATIONS

The British objection was predictable because the most significant interest of Britain was mainly the AIOC refinery in Abadan (EP1534/36A). It was the largest source of foreign asset for them. They themselves believed that oil belongs to them since they discovered it. In the 1st 8 months after nationalizing oil, second round of direct talks between the British and Iranian boards in Tehran and a round of indirect talks in the US took place. First of all, Herbert Morrison, Foreign Minister of Britain Labour government sent a message to Dr. Mosaddeq through the Iranian ambassador in London and requested for resumption of negotiations between the Iranian government and AIOC. Next day, on 8th of May, 1951 according to the content of the 1933 contract, the AIOC representative in Tehran demanded the dispute to arbitration and also introduced the referee of AIOC (Fateh, 2005). The Ministry of Finance replied to the letter of the oil company representative on 20th of May, 1951. It was mentioned in the letter that nationalizing industries were originating from nations' aspiration. Private sectors contracts, even though there are assumed to be correct could not prevent the execution of this right which was based on the certain international laws. Thus, nationalization of the oil industry could not be referred to arbitration (Fateh, 2005). Subsequently, the oil company announced its readiness to start negotiation with the Iranian government on 3th of June, 1951. On the date of 11th of June, the council of representatives of the oil company with Mr. B.R. Jackson as the head of the board, arrived in Tehran to negotiate with the Iranian government (EP1534/39). On 19th of June, 1951, a meeting was held between the representatives of the government and the oil company's council. The Iranian government without much of detailed discussion, quickly rejected the proposal and the offer of the oil company (EP1531/668).

One day later, Foreign Minister of Britain, Herbert Morrison, announced in House of Commons the proposals of the oil company to the Iranian government. He stated that they had considered payment to the Iranian government, to illuminate essential financial need of the Iranian government, acceptance of the principle of the nationalization of oil and also fruitful cooperation with the Iranian government. The British government believed that the company had offered a fair proposal, although the Iranian board of representatives did not spend more than half an hour to examine the proposal and finally announced that the company's proposal was not in agreement with the Oil Nationalization Law. The director of the council stated that even if the proposal was not totally conformity with the Oil Nationalization Law, it would have been applicable to the principle of nationalization and accordingly it could be fairly adjusted to interpretation of the law. He stated that the Iranian representative council expected that the company's representatives would totally agree with them and unfortunately it could be observed that Iranians had decided to stop the negotiations (Fateh, 2005).

During the negotiations, Dr. Mosaddeq stated that negotiations must be based on precise rules of the Oil Nationalization Law as he accepted the premiership on the condition the National Law will be approved. On 21st of June, 1951 Dr. Mosaddeq reported the lengthy process of negotiations and the reason of its failure then he called for a vote of confidence. The Majlis gave the government a vote of confidence with ninety one votes in favour. Basil Jackson left Tehran at the same day and said in London that as long as Dr. Mosaddeq is still in power there is no hope for renewed talks (Movahhed, 2006). The Iranian government had decided to totally release the oil company which had changed its name to the National Oil Company of Iran. They hired some Iranian official for different sections of the oil company. Dr. Mosaddeq had announced in his statements and interviews that he could not neglect the law that was the symbol of wish will and determination of Iran's nation. Thus, it was decided in order to execute the law without any delay, to approve a mixed council. In addition to that the temporary board of directors of the Iranian National Oil Company had announced that all of the workers from all nationalities were allowed to continue their work in the company. Furthermore, the ships to which oil had been delivered should have given a receipt to the company and the ones that did not follow this rule were not permitted to leave. In response to this decision, on 26th of June, 1951 Foreign Minister of Britain in House of Commons announced, based on which all the British oil cargo ships were ordered to leave Abadan even if they were to offload their already

loaded oil (Fateh, 2005). The Iranian government was planning to export the oil independently. However, the British demonstrated explicitly, through their statements that they would try to prevent it. Unfortunately, no agreement was achieved between the two countries through the negotiations. On 30th of June, 1951 Foreign Minister of Britain, Mr. Morrison, sent a message to Dr. Mosaddeq and pointed out that it was the Iranian government which was responsible for closing the petroleum company and its consequences. He stated that the loss of Iran's benefit from the oil products and the Iranian workers have lost their job is the responsibility of Iranian government which did not agree to negotiate with the British. However, Dr. Mosaddeq insisted on the full independency of the Iranian government from the intervention of foreign countries. He believed that the oil profit which belongs to the people of Iran is the unique resolution to improve the economic situation and poverty in Iran. But Dr. Mosaddeq did not take seriously the British oppositions. He was quite confident that Americans might support him. The US strongly conveyed its supports to the freedom and sovereignty of nations. On 12th of July, 1951, Dr. Mosaddeq invited formally Truman to be a mediator between Britain and Iran. As a result, the US found the fertile ground to the direct intervention in the issue of oil between Britain and Iran.

Another round of discussion started after the arrival of Mr. Harriman, Mr. Rountree, both from the US foreign affair ministry and Mr. Walter Levy, expert in oil affairs, in Tehran on 15th of July 1951. Mr. Harriman spent few days to discuss with Dr. Mosaddeq, other officials at high level of the governments and oil representative. On Monday, 23th of July, Dr. Mosaddeq announced his agreement to start negotiation with the British government only under one condition, i.e., if the British government accepts the nationalization of oil. He also agreed that the British officials can attend the negotiation meetings as the representative of AIOC. Later, the British announced that they accepted an offer on behalf of the government and the company (Fateh, 2005). It is important to mention that with the arrival of Harriman, demonstration held in Tehran and hundreds of people were killed and injured by military force. To know the reality and recognizing cause of that event, it is better to quote Dr. Mosaddeq's speech in the Majlis: The British agents in the Majlis, the British agents in the government, the British agents in the society, the British agents in Durbar, they are everywhere. Dr. Mosaddeq was aware of what the British agent did and just scrutinized the incident. He expelled Fazlollah Zahedi who was Minister of the Interior in the cabinet from his position. It seems that Fazlollah Zahedi was paid to the anti-colonial movement. It can be said that the event was

in fact the first coup as anti-national government towards Dr. Mosaddeq which was done by Fazlollah Zahedi.

At the same time, Mr. Richard Stokes arrived in Tehran on 4th of August, 1951. In the beginning, he aimed based on the temporary agreement with the Iranian government, not to stop exporting oil. In this case, the oil company would not lose its customers. However, the representatives of the government did not accept the temporary contracts. On 13th of August, Stokes delivered their counter offer, containing eight matters. The Iranian government studied and realized those proposals in contrary to the Oil Nationalization and to the previous agreement with Harriman. There is no getting away from the fact that this proposal was rejected by the Iranian counterpart.

The Iranian government was in agreement with only three formulas: first, purchasing oil for Britain's need; second, taking care of the legitimate claims of the Iranian government and the previous oil company; third, about the continuation of the British oil experts and engineers. In continuation of series of the discussion, Stokes agreed that the board of directors of National Oil Company would take charge of managing oil industry. Dr. Mosaddeq also agreed to hire some first class experts from neutral countries as the new members of the board of directors. However, Mr. Stokes claimed that because the British experts were not willing to work under the directorship of people with non-British origin, they would rather to appoint a British CEO. Dr. Mosaddeq decided to postpone that issue to the future but Stokes emphasized that discussing other issues are useless before the issue of the CEO is resolved (Fateh, 2005).

The British showed inflexibility in this matter. On 21st of August, Stokes wrote a letter to Dr. Mosaddeq that if the Iranian government does not accept this condition, the discussion and negotiation series will be stopped promptly. On 22th of August, delivered the report of the related conversation to the both Majlis and the Senate which resulted in the positive vote from the both Majlis with majority. On 23th of August, Stokes left Tehran to London and Harriman also left Tehran to the US on 24th of August stating regret from the unfruitful meeting (Fateh, 2005). The worst result of this failure was that the Oil Company gradually expelled its foreign workers from the oil regions and announced that will not pay their salary since then. At that time, there was only 350 British workers remained in Abadan that their departure had been delayed with the request from the British government (EP1531/666). The negotiation (Correspondance between the Iranian Ministry of Foreign Affairs and the British embassy in Tehran) did not lead to any conclusion for the

both governments. The Iranian government was insisting that the negotiation to be held based on the nine-point law of the nationalization of oil on which the British would not be willing to agree. The oil industry of Iran stopped and in conclusion there was no benefit for either countries of Iran and Britain.

On 5th of September, Dr. Mosaddeq announced in the Senate that he was proposing to the British Council to sit in another set of negotiation or to state their counter proposals or suggestions if they have so. He asserted afterwards that should he have not received any satisfactory response within two weeks from the date of such proposal (Fateh, 2005) the residency permit of the British experts would be cancelled accordingly. Once more, Dr. Mosaddeq got the vote of confidence from the Senate.

The British were not willing to negotiate with Dr. Mosaddeq anymore and believed that solving the conflict of oil with Mosaddeq's government was impossible. Despite the British objected the expulsion of its experts from Iran because of destroying their reputation in the Middle East. Eventually, all of them left Iran to Basra on 3th of October.

The third series of negotiations was being continued in the Security Council of the United Nations from 14-19th of October. The special meeting of Security Council about oil was held from 13-17th of October. The efforts of George McGhee, Unites States assistant Secretary of the States, for solving the oil conflict between Britain and Iran did not reach any desirable result. Apart from that Mr. Golding who followed closely the development of the oil disputes was convinced that he can help to solve the problem through good relation with Nimazi. But this proposal has been turned down by the British (EP1534/40).

The British had two important points in mind: first, the hugely financial benefit and second and more importantly, complete domination and influence on Iran which would guarantee their mastery on the whole Middle East (EP1532/50; Fateh, 2005). Thus, not only financial benefit but also hegemony to the Middle East was the main and important reasons which prepared the background for subsequent happenings.

Although, Henry Francis Grady, the US ambassador in Iran believed that the British itself should show the greater flexibility in solving oil and offered some privileges which had no financial aspects to Iran, the British showed more tenacity (EP1534/45; EP1534/45C). Here, it can be clearly observed that the primary differences initiated, consistently continued and eventually led to the August, 1953 coup. The differences which occurred over the

Britain economic interest in AIOC with the Iranian government became a foundation of conflicts. It was began by the British government and culminated with the coup.

VIOLENCE, MILITARY THREAT

On 13th of June, 1951 in an interview with the US and the British journalists, the British ambassador, Sir Francis Shepherd asserted that in case of any accident for Britain nationals, the Iranian government will be responsible of their property and life. He continued that to prevent the disaster, the British government has taken precautions and stopped three cruisers and a destroyer in the Persian Gulf (Fateh, 2005). Obviously, the British government had no decision for a military war with Iran. The carrier deployment in the Persian Gulf was to create fear to the government. Following such consultation which the British had with Americans, they warned them of the start of war (Movahhed, 2006). Besides, the British knew well that Dr. Mosaddeq's aim of nationalizing oil is the economic recovery therefore, the British decided to make an economic war against Iran in order to prevent of exporting oil unless an agreement obtained about the claims of AIOC.

Actually, the Russo-Persian Treaty of Friendship on 26th of February, 1921 was the biggest obstacle to force the Iranian government. That treaty restricted the British and made them think twice to attack Iran although, they were not sure about the result of such war. However, the result of war had two sides; either Dr. Mosaddeq's government fell down or by helping Russia, a communist government took control of Iran. Although, it is unlikely that the British did not fight with Russia in order to start the world War III, it was possible that Russia captured the north of Iran and Britain captured the south of Iran. As a result, it would create a dangerous region in the Middle East. Meanwhile, the US never agreed a war because Iran will be divided into two parts under Russia and Britain, respectively whereas the US would not take any interest (James, 1974).

At the same time, the bill which was presented to the Majlis of Iran on 21st of June, 1951 mentioned that if anybody had bad faith towards the activities of the oil company and committed any damage such as destroying, cutting the oil pipe or stopping the oil refinery will be taken to the military court and will be sentenced to death (Fateh, 2005). In response to this bill, on 26th of June 1951, Foreign Minister of Britain announced to the British government in House of Commons that the company's workers are under intolerable conditions, eventhough the above-mentioned bill had not been passed yet in the

Majlis. He mentioned that Mr. Drake, the head of AIOC had received a letter from the temporary board of council pointing out that Mr. Drakes' action in preventing signing the receipt from the oil cargo ships had disabled exporting oil and thus his action was considered as sabotage against Iran. To protect Mr. Drake's life, he was advised to leave Iran and go to Basra and to take charge in the direction of the company in Iran and Iraq. It was also ordered to the warship of Mauritius to leave to Abadan region (EP1531/679). This was for the fact that if the Iranian government carelessly neglected protecting the life, property and wealth of the British people, the British government would act accordingly (EP1531/666; EP1531/671).

It was obvious that the Iranian government would not offend the life and property of the British workers and no worry could be imagined in this regard. Dr. Mosaddeq had always been emphasizing to people to keep patience and coolness. The rumours of violating life and wealth of the British workers were only a pretext for the British government. Perhaps, they wanted to motivate the Iranian government to accept their proposals and to hold contract. Weakening the government of Dr. Mosaddeq was at the top of the list of the British. The British were to find a way to execute their plan. Since Dr. Mosaddeq announced in his discussion and interviews that he was willing to keep foreign experts in Iran and until the number of the Iranian technical experts becomes sufficient (Fateh, 2005).

The British were considering calling back their technical experts from Iran as one of the strategies to weaken the government of Dr. Mosaddeq economically and politically. They were also hoping that some changes will take place in the political environment of Iran to solve this critical situation (Fateh, 2005).

Despite the British government objected the decision of the Iranian government based on the compulsory expulsion of the British experts from Abadan, the British government was more concerned about their weakened position in the Middle East. This is based on the telegraph that the Prime Minister of Britain had sent to the President of the US where he had considered that sending out the British experts from Iran will damage the reputation and prestige of Britain in the Middle East.

The Prime Minister of Britain had requested help from the US and had also pointed out the military way as the second solution to prevent the compulsory expulsion. The government of the US was not agreeing with the war and announced to the British government that if Britain starts the war, United States would not support them. On 27th of September, the oil refinery of Abadan was occupied by the Iranian soldiers.

On 1st of October, the Foreign Ministry of Britain announced that the British experts will leave Abadan and on 3th of October all of them eventually left Iran to Basra (Fateh, 2005).

SENDING SPIES TO IRAN

Since 19th century, the British policy towards Iran was to send its diplomatic agent to Iran. Ann K.S. (Nancy) Lambton was the top Persian policy advisor on Iranian affairs. She prevented the British government from having any kind of closeness and entente with Dr. Mosaddeq. Actually, she was the major obstacle. She believed that the British must isolate Dr. Mosaddeq and must not negotiate with him anymore (EP1531/674; Louis, 1984). She was the first who proposed overthrowing Dr. Mosaddeq's government.

Also, Nancy Lambton believed that covert operations to overthrow Dr. Mosaddeq would be the only way to achieve a stable pro-Western government in Iran and she not only moved in high circles within the Foreign Office but was a friend of Anthony Eden who again became Foreign Secretary in late 1951 (Heiss, 2004; EP1531/674). In addition, she provided the preliminaries of sending Robin Zaehner to Iran on mission of the encouragement of Dr. Mosaddeq's opposition in purpose of struggling with him as well as setting the stage for downfall of his government (Louis, 1984). Zaehner was a teacher in Persian Literature and Language at Oxford at that time. He had worked during war as an officer in the British Information Service. He had well-enough experience for being secretive and having masterminded the plot for spying and he knew many Iranian who were able to do it. He directly followed order from Secretary of State for Foreign Affairs, Herbert Morrison (Movahhed, 2006). After he arriving Iran, he contacted Ghavam Al-Saltaneh by means of Abbas Iskandari and nominated Ghavam as a prime minister designate instead of Dr. Mosaddeq (Movahhed, 2006).

After some weeks of reaching Iran, Woodhouse, the senior agent of Secret Intelligence Service well-known as MI6, joined him. Woodhouse and Zaehner with another group at the British Embassy were under strict and authoritative order from Herbert Morrison, the Secretary of State for foreign Affairs of Britain Labour Government. They started especial task to overthrow Dr. Mosaddeq. This action later approved by Anthony Eden, the Secretary of State for Foreign Affairs of Britain Conservative Government (Movahhed, 2006). Apart from them, the British also sent George Binney and William Gout to spy on behalf of the government. They contacted each other in order to update events in Iran. Binney managed to convince the British government that not to

send the British officials (EP1534/44). Otherwise, any action taken by the British will damage a good relation between the British and the Shah. Although, some of the British officials believed that Binney's proposal is going to be failed, (EP1534/17E) Binney acted on behalf of the British government to deal with Iranians (EP1532/50; EP1532/50E; EP1534/9), especially on the oil issue. He also contacted Gout to instigate him in his mission (EP1534/9). For instance, Gout sent several reports on Persian situation, meetings with Iranian officials at all levels, copies of newspaper's reports (conversation with the editor of Kayhan) as well as some suggestions (EP1534/9) for further actions. The main purpose of these activities was to overthrow Dr. Mosaddeq. For instance, on 19th of November 1951, the British Embassy in its report asserted that any government is better than Dr. Mosaddeq's government (G 10101/453/51).

LEGAL ACTION

Although, they tried several measures to solve this problem especially during the 1st 8 months after nationalizing oil, Britain failed in the negotiations and made a complaint to The International Court of the Justice in The Hague and to the UN. The main purpose of the complaint was to pressure the Iranian government to deliver a dead end in Dr. Mosaddeq's efforts and to gain his devotion in negotiations. Then on 28th of May 1951, the British Embassy sent a letter to Foreign Minister of Iran. It was informed that the British government, inevitably will refer the dispute to the ICJ after the AIOC's demand was rejected by the latter (Fateh, 2005). On 22nd of June 1951, the British government petitioned before the ICJ in order to pursue its complaint (Movahhed, 2006). Furthermore on 29th of June 1951, the Iranian government informed the chief of the ICJ that they rejected the request of the British government based on the security reason (James, 1974) They also stated that the British government is not competent to interfere in the conflict between the Iranian government and AIOC. Likewise, because of lack of judiciary authority of the claimant and that executing the rights of authority could not be referred to the court, the Iranian government requested from the court that they should not take this issue. On 5th of July, the ICJ announced with the majority of votes that the request of the British government was out of the range of the international judgment (Letter from Dr. Walter Pinner to the Chancellor of the Exchequer in 1952). The British ambassador in Tehran announced that the British government would submit an appeal to the court's judgment. However, the Iranian government insisted that the ICJ was not competent for the case and would not give any credit to its vote.

Afterwards on 9th of July, the Iranian government sent a telegraph to the Secretary-General of the UN mentioning that because the above-mentioned court has not acted based on justice and has lost its general trust, the Iranian government would accordingly, from that date, reiterate its stand of 2nd of October, 1930 not to accept any judgment from the ICJ. Additionally, on 28th of September, the British government wrote a letter to the Security Council and stated that the Iranian government has not followed the security actions that the ICJ had determined in regard to AIOC. They accordingly requested that the above-mentioned matter would be registered in the council.

Furthermore, they proposed the Security Council meeting to be held (on 1st of October) before the compulsory expulsion of the British experts that scheduled to be executed on 4th of October (Fateh, 2005). In conclusion, referring to the Security Council did not lead to any desirable result for the British government. Hence, they failed in their attempt to settle the dispute.

THE BRITISH CONSULTATION WITH AMERICANS

After the nationalization of oil, the British as a cunning and strong opponent, not only started to negotiate with Americans but also launched a set of propaganda which was very useful to attract attention of the US government. Being a close neighbour with the communist of Russia and also the presence of the Tudeh Party of Iran which were pro-labour of Russia were the biggest pretext for the British (James, 1974). They maintained the Red Menace as a leviathan which if they seriously do not make a push in opposition to communist, Russian would turn to the first world power. The top of programme which Britain prepared on 6th of April, 1951 was propaganda against the Iranian government. Fleet Street publicized their point of view. For instance, the famous magazine of London, *The Economist*, on 4th of May, 1951 as quoted by *Khab-i Ashofti-i Naft*, just one day after Dr. Mosaddeq's government introduced to the Majlis, spread news that if the Iranian oil industry will confiscate by force, threat, strong pressure and harshness all oil concession given in the Middle East will be ended in the same danger.

In fact, this was a warning to the US which it would be on the watch of its interests in Saudi Arabia and other oil-rich countries in the region (Movahhed, 2006). The British reached out Americans to find solutions. On 11th of May 1951, the British ambassador arranged a meeting with Freeman Matheus and George McGhee in

Washington (Movahhed, 2006) in order to solve the Iran's oil issue. The US Department of State believed that it is impossible to stand against the nationalization of oil although it could be possible to stand against the unilateral action on the abolition of the 1933 Contract (Louis, 1984). Americans suggested that all the Britain nationals who are in danger could leave Iran but it is impossible to use force and violence. Because, based on the Russo-Persian Treaty of Friendship on 26th of February 1921, Iran can ask help from Russia. Accordingly by intervention of Russia, it might be create a communist government (Movahhed, 2006).

In general, the US did not like to nationalize properties but could grant this right for each government under the condition that nationalization would accompany the prompt and fair compensation. At that time, the US Department of State announced that they would not disagree with the nationalization of oil in Iran because such disagreement would cause some problems for the US and the situation of other western countries in Iran by making Iran closer to Russia (Movahhed, 2006). At the same time, Americans opposed hardly with any exerting force and war in Iran. They announced to the Iranian government while all differences between AIOC and the Iranian government could not be solved, the American companies will refrain from helping Iran in the case of exploration of oil. On 18th of May 1951, the US Department of State published a statement. It showed that Britain, finally was successful in order to get support from Americans in its efforts against Iran (Movahhed, 2006). On 19th of May, 1951 regarding Iran's oil, the US government published a statement in Washington and asserted that they showed a deep concern about the difference between the British and Iranian governments. The US advice was to solve the differences through friendly negotiations (Fateh, 2005). The US accordingly announced its neutral role in the conflict between Britain and Iran.

On the other hand, the US announced that it would not take responsibility of exploiting Iranian oil resources which completely disappointed Dr. Mosaddeq. It was clear that the statement of the US was in fact, against the Iranian government otherwise they would have cooperated with Iran in extracting oil resources. Perhaps, the US agreed with the slogan independence of nations of its resources but it changed its position to confront with events.

The US postponed the proposal of the British negotiation to accept the principle of the nationalization of oil but did not accept even after payment full compensation, given >50% of oil revenue. It shows that

from legal aspects, Iran had right to nationalize its oil but from political and economic aspects must not be independence. On 27th of June, 1951 Dean Acheson published a statement about Iran and regretted about the last British proposal to Iran which unfortunately has rejected without study by the Iranian government because the British accepted the principle of the nationalization of oil and contained the favourable opinion about it. According to his talk, this proposal could be fundamental for further negotiations. Moreover, in response to the statement of the US Secretary of State on 27th of June, 1951 Dr. Mosaddeq reconsidered to compensation issue, sale of oil and to assure full security for the British nationals in Iran (Fateh, 2005). Perhaps, Dr. Mosaddeq should consider that the US and Britain disagreements were never the basic and ideological aspects. Both countries thought about their interests and they definitely were not doing when the interest of their investments around the world is threatened. Americans preferred instead of Dr. Mosaddeq, an adaptable politician will take place and will end the oil issue. The main politics of Americans was to prevent of the progression communist, also to take control on Iran's oil resources. They tried hard to the effect that to stabilize a situation of 55 oil contract (Louis, 1984). The Iranian struggles for reclaiming of their full rights of South oil was accepted by Americans but they wanted that it will all this end into 55 oil contract. Meanwhile, the US invited the nineteen oil company in order to ask the British government to the effect that they think a management how compensate the oil failure of Iran in the international cartels. A board called British Procurement Group was formed in London and examined on the oil customers of AIOC. It called the oil customers on the US companies. At the end, the exchange of views between BPG and the US companies led to the putting in place of balance in supply and demand of oil in the late 1951 (Movahhed, 2006). Therefore, Iran lost all the opportunity in the negotiations. And of course, the balance of oil in the international cartels led to the economic recession of Iran's economy. It also paved the way to weaken Dr. Mosaddeq's government from the Iranian support. Later in July, the British re-opened oil negotiations with Iran through Americans led by William L. Taub to execute their plan to overthrow Dr. Mosaddeq.

BOYCOTTING OIL

One of the impacts of the nationalization of oil was the international boycott of oil which yielded economical

and political risks. After expelling the workers by AIOC, boycott heated up. Undoubtedly, the British government was not satisfied and set one's hand to maintain their high interests. For instance, the AIOC's operations in Iran provided Britain with £100 million annually in foreign exchange, as well as 22 million ton of oil products and seven million tons of crude oil per year (Heiss, 2004). There is no getting away from the fact that the British government was not going to give up these assets. Moreover, the American were worried that if the nationalization of oil would happen in the way that the Iranian government wished, other oil-rich countries in the Middle East would also follow suit. In such way, the huge investments of the American oil companies in the Middle East would have been wasted. To prevent such happening, the Americans did prevent selling the oil abroad. They solved the problem of oil deficiency in the world by agreeing with the Foreign Petroleum Supply Committee. Nineteen American oil companies outside the US made an agreement with the committee and managed to overcome this oil shortage (Heiss, 2004). The Petroleum Press Service, a conservative magazine, published in July 1951 stated that by leaving AIOC, exporting oil will be stopped from that country and the industry that plays a significant role in the economy of Iran will be damaged. They planned detailed schedule for resolving the oil crisis in Iran that had supported the need of the oil customers in the whole world (Fateh, 2005). The oil of Iran was boycotted, something that Dr. Mosaddeq had never imagined and it was not clear what would be the situation of the country without selling oil. Without question, the main purpose of boycott was to force the Iranian government in order to regain a settlement with AIOC all over again. But Dr. Mosaddeq demanded complete independence for the country in the international community. He had made the British repeatedly disappointed.

CONCLUSION

All in all, one of the darkest outcomes of the nationalization of oil was starting the conflict between two countries as an aggravation of the oil crisis. The British did not give up any sort of policy and effort which resulted in approval of the nationalization of oil to threat attacking Iran and even locating several warships in the Persian Gulf and taking the complaint of the Iranian government to the ICJ as well as making protest to the UN. The British efforts against Iran show its multilateral approaches. Initially by holding negotiations, it seems

that the British government was so calm. In the whole process of negotiation, the British government sent its representatives on a mission in order to settle the differences between two governments. In addition in the case of military threat, the impact of the British hostile and harsh acts reacted such as taking up position some naval vessel and the military force to the south of Iran. The plan to occupy Khozestan was part of their programme. Hence, they sent spies to Iran to simulate antagonism and to create discontent and public anxieties.

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