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“If I deserve it, it should be paid to me”: a social history of labour in the Iranian oil industry 1951-1973

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CHAPTER ONE

NATIONALISATION:

THE LEGAL, THE TALLIED, AND THE IMAGINED

“Behind them, the oilmen had left Persians glumly in charge of the spectacular results of forty years of British endeavor and ability, achieved on the world’s most inhospitable soil, and in its most exhausting climate. There had been no Iranian demonstrations during the evacuation; the Persians had seemed unable to understand that they were watching the end of the British occupation, and that now they had the control Dr. Mossadegh had promised them.”⁶⁶

When the last British employees of the Anglo Iranian Oil Company (AIOC) left Khuzestan in October 1951, Iranian oil was left completely in Iranian hands, for the first time in its history since 1908. Even before the departure of the British crew, the first symbolic takeover move was made by the parliamentarians and senators serving in the mixed committee formed to manage the nationalisation of oil and the provisional board of the National Iranian Oil Company (NIOC), led by Hossein Makki, a prominent member of the National Front.⁶⁷ On June 11th, the day after their arrival to Khorramshahr, the members of the board raised the

⁶⁶ Norman Kemp, *Abadan: a First-Hand Account of the Persian Oil Crisis* (London: Wingate, 1953), 217-218.

⁶⁷ According to the nine-point law of Nationalisation, a mixed (or joint) committee was formed of Parliament deputies, Senators and Government representatives to manage the nationalisation process of the Oil industry.

Iranian flag on the AIOC's main building and the title "Provisional Board of Directors for the Nationalisation of Oil" was nailed to one of the entrances.⁶⁸ (See Picture 4)

Nationalisation has been narrated as an exceptional chapter in the Iranian history of oil in particular, and the contemporary history of Iran in general. It is one of those key moments in the history of Iran about which hundreds of titles of books have been written; preceded by the Iranian Constitutional Revolution of 1905-1909 and followed by the Iranian revolution of 1979. In the historiography of the formation of a modern nation state, it is the culmination of the discussions and protests of a vibrant civil society in the 1940s, which led to the formation of leftist and nationalist movements, political parties and trade unions. For the same reason, in the social memory of the people in Iran, it is an obelisk symbolizing all that has been lost in the aftermath of the 1953 military coup, which built up the resentments that led to the 1979 revolution. It is a spark that revives the memory of a moment that is as fragile as a dream and as solid as an ideal.

By closing a long chapter of direct British exploitation and domination in the Iranian oil industry, increasing Iran's share of her oil income and the share of Iranians working at supervisory posts, nationalisation did in fact launch a new phase in the organisation of the Iranian oil industry. However, it did not represent a rupture in the social history of oil in Iran. It was not only an outcome of the post WWII civil political awakening, either. In his criticism of the liberal as well as Marxist nationalist historiography of India, Partha Chatterjee argues that the advent of British rule is taken as a *Great Event*, being both a destructive force and a regenerative one. Chatterjee defines a *Great Event* as a "watershed, dividing

68 Norman Kemp, *Abadan: a First-Hand Account of the Persian Oil Crisis*, 129. However, the actual takeover of the General Manager Eric Drake's office would take place in June 28th following the manager's resignation. See J. H. Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Tears, 1928-1954* (Cambridge: Cambridge University Press, 1994), 435.

up historical time into past and future, tradition and modernity, stagnation and development- and inescapably, into bad and good.”⁶⁹ In this chapter, I am questioning whether the 1951 nationalisation of oil is a *Great Event* in the social history of oil in Iran.

Picture 4



The Iranian flag on the AIOC's main building and the title "Provisional Board of Directors for the Nationalisation of Oil" was nailed to one of the entrances. (<http://www.farsnews.com/newstext.php?nn=13931226001017>-Accessed 30/07/2016)

⁶⁹ Partha Chatterjee, *Nationalist Thought and the Colonial World- A Derivative Discourse* (London: Zed Books, 1986), 22.

It is crucial to clarify what is referred to by nationalisation in the context of the Iranian oil industry. Over a century after the first concession of oil was granted to a British subject, the nature of the discussion shows that for people who engage in either from a political or academic perspective, nationalisation refers to three phenomena. First, it is the actual nationality of the people who are in charge of the oil production, both in terms of manual labour and management. Second, it is the Iranian state's appropriation of the physical assets of the oil company that exploits and administers the oil industry of Iran. Third, it is the Iranian state's full appropriation of the income generated from the production and trade of oil. While these three can go together, they are not necessarily connected. The Iranian oil itself, in its unprocessed natural form, has always been an asset of the Iranian state and was always "national" in that sense. Therefore, nationalisation refers more to the actual control over the industry than the ownership of the assets.

Accordingly, the trajectory of the conflict between the British oil company (first APOC and later AIOC) and the Iranian government that culminated in the nationalisation of oil in 1951 followed these threads. The *Iranianisation* of the oil company and the assessment of royalty payments constituted the agenda of the negotiations. *Iranianisation* of the oil industry technically meant increased employment of Iranians, gradually replacing the foreign personnel. This concern was primarily presented as of a consensus between the Iranian authorities and British officials of the Oil Company to gradually skill the deskilled Iranian workers of the oil industry, and increasing their share of the higher strata of the positions, which were mainly composed of non-Iranians. *Iranianisation* has formed one of the most directly labour-related issues in the negotiations between the Iranian government and the Company from the early days of its foundation, and has characterized the labour dimension of the nationalisation debate. However, this aspect of nationalisation, the way the labouring population in the oil producing South experienced it, has been left unstudied.

My take on nationalisation is focused on this labour related aspect, *Iranianisation*. In this chapter:

- 1- The thread of *Iranianisation* is traced from its inception in the D'arcy Concession to the Nationalisation Act of 1951.
- 2- The scope of *Iranianisation* in numbers before and after the nationalisation is presented.
- 3- The nationalist conceptualisation of *Iranianisation* is investigated by means of analyzing the practice of *Iranianisation* and its limits.

Demonstrating an axis of continuity in the debates related with the production and management of the Iranian oil between the Company, the Iranian and at times the British State, it is argued that for workers, Nationalisation was not a *Great Event*, a watershed dividing up the historical time, but a culmination of a web of processes involving the making and remaking of agreements in the legal realm, the global context that marked the beginning of the anti-colonial victories and the making of new nation states, and the concerted efforts of workers' struggle for better work and living conditions.

Furthermore, by following the debates of *Iranianisation* from its articulation in negotiations to its full practice after nationalisation, the discourse of national unity that the nationalist reading of *Iranianisation* takes for granted is challenged. The nationalisation of oil was a culmination of a web of processes, however, these processes were not purely coincidental and it did not come into being or were implemented on a white canvas either. It simultaneously kneaded and was kneaded by the power dynamics of the society, shaped particularly with differences of class, ethnicity, and religion.

The legal regime that regulated the exploration, production and management of Iranian oil was founded on an agreement signed between the Iranian government and the British private parties. The British side of the agreements would soon lose their private character and become ever

more enmeshed with the British state. The two main subjects of dispute between concession signing parties for half a century had been the royalty payments and the *Iranianisation* of the labour force at every level. The Nationalisation Law of 1951 was not a novelty in this matter, at least not more than the previous cancellations (1933) and annexes to the original concession.

The D'Arcy Regime:

The Beginning of British Control over Iranian Oil

The first writer of British Petroleum's official history, Ronald Ferrier, argued that the terms of 1901 D'arcy Concession were for exploration and production rather than administration and marketing.⁷⁰ However, a general review of the articles of the concession brings forth the concern on management and therefore control over the industry, a point also made by a recent study of Ervand Abrahamian on the nationalisation debates.⁷¹ Alongside the very first article, which involved carrying away and selling the product, Article 9 that registered the concessionaire's authorisation by the government to found one or several companies for the implementation of the concession, rendered the concessionaire the sole authority on deciding the statuses and the directors of the companies to be founded, upon which the Iranian government was to be informed.⁷² The Iranian State's demand of representation in the decision-making processes in the following years and its concern on the transparency of the bookkeeping of the Company validates the importance of this article on the formation of the control mechanism of the Industry. This very first concession on the Iranian oil involved an article on the nationality of the workers.

70 Ronald W. Ferrier, *The History of the British Petroleum Company: Volume 1, The Developing Years, 1901-1932* (Cambridge: Cambridge University Press, 1982), 42.

71 Ervand Abrahamian, *The Coup: 1953, the CIA, and the Roots of Modern U. S. -Iranian Relations*, 10, 82- 88 (New York: The New Press, 2013).

72 See Appendix I.

Article 12 noted that the workers of the Company, with the exception of the technical staff, would be “subjects of his Imperial Majesty the Shah.” The technical staff ranged from the manager of the company to the engineers, borers and foremen; literally everyone except unskilled workers.

Drafted in a time when neither oil in commercial quantities had yet been found, nor a company managing the production was founded, the D’arcy Concession would be challenged by the dynamics of the actual production, the impact of World War I on the production and trade of oil, and the change in the Iranian political system in the following years. The 1920 Armitage-Smith agreement, named after the financial adviser to the Iranian government, was not officially ratified by the Iranian government but regulated the oil regime until 1933, and is one of those important moments in this trajectory. BP historian Ferrier recounts the agreement as the moment that the “concession was no longer considered absolute.”⁷³

By the end of 1910s, the trading activity of the Company involved oil production in the United States and had further prospects to grow. As a shareholder of the Company, this growth of the Company’s operations purported an increase in the revenues of the Iranian government that was not satisfied by the paid royalties. This development meant that the Iranian government would be entitled to a part of profits engendered from operations outside Iran, and the Company did not welcome this. The question of whether the payment of sixteen per cent on profits, which was registered in the D’Arcy Agreement, should be limited to the Company’s operations in Iran or not was only one side of the issue. More important than that was whether a percentage of the Company’s profit was a fair criterion for assessing the sum of the royalties that should be paid to the Iranian government. The two important factors confusing a fair assessment of profits in this calculation was the Company’s tax payments

⁷³ Ferrier, *The History of the British Petroleum Company: Volume 1, The Developing Years, 1901-1932*, 371.

to the British government and the huge amount of Iranian oil sold to the British Navy at favorable prices.⁷⁴

The importance of Iranian oil for Britain during World War I is no secret. In the beginning of the war, 25,000 tons of oil was being imported to Britain monthly.⁷⁵ During the war, sixty-five per cent of the total output of the Abadan refinery was fuel oil to be used by the British naval force.⁷⁶ While the capacity of the Abadan refinery was 120,000 tons before it broke out, towards the end it was increased to 1 million tons.⁷⁷ However, the May 1914 agreement between the Company and the British government that made this flow of Iranian oil to the British Admiralty possible has not received the attention it is worthy of. In fact, the first volume of BP History covered the agreement in a very scattered way. The agreement was confidential and the first time its actual figures were published was more than half a century later, in 1968.⁷⁸

After a long period of discussions among the Foreign Office, the Admiralty, the Indian Government and the Company itself, the agreement concluded would provide the Company with funding for carrying on with the operations and the trading of the oil, provide the Admiralty with cheap and secure oil, and principally render British government's control over the Iranian oil official.⁷⁹ The Anglo-Iranian Oil Company that was founded in 1908 was no longer a private corporation after this agreement. The British government bought a fifty-one per cent share of the Company by paying two million Pounds, which gave it a majority of voting powers in the Company's affairs, special voting power to control Company conduct in

74 Mostafa Fateh, *Panjah Sal Naft-e Iran* (Tehran: Sherkat Sahami-ye Chap, 1335/1956), 274-75.

75 *Ibid.*, 272

76 Ferrier, *The History of the British Petroleum Company: Volume 1, The Developing Years, 1901-1932*, 275.

77 Fateh, *Panjah Sal Naft-e Iran*, 273.

78 Marian Jack, "The Purchase of the British Government's Shares in the British Petroleum Company 1912-1914," *Past & Present* 39 (1968): 139-68.

79 *Ibid.*

matters related to British national interests, two directors in the Company's board to control the general policy of the Company, and the reduction of the price of oil to be sold to the Admiralty on a scale.⁸⁰

Despite the official BP history narration, the Iranian government's discontent with the D'arcy Concession went beyond its dissatisfaction with the amount of revenue received from the oil industry. Mostafa Fateh, the highest-ranking Iranian employee of the Anglo-Iranian Oil Company, underlines the multifaceted character of Iranian government's discontent dating back to the late 1910s in his study of fifty years of Iranian oil, *Panjah Sal Naft-e Iran*. One of their primary concerns was the type of commercial activity between the First Exploitation Company (FEC) that the Iranian government was a shareholder of, the Company (APOC) and the Bakhtiari Oil Company. The Iranian government claimed that the FEC was selling oil below its cost price to the Bakhtiari Oil Company and the Bakhtiari Oil Company, without adding any value to the oil, was selling it to the Company at a higher price. By this means, the FEC was making less profit, and the Company's books showed less profit than it made, which in turn effected the royalties paid to the Iranian government.⁸¹ Apart from dissatisfaction with the amount of royalties, the Iranian government also laid claim to its share in the Company covering all its subsidiary companies. These claims are verified by the report prepared by the accountant McLintock, who was employed by Iran's British financial adviser Armitage-Smith and appointed by the Iranian government for arbitration between the Iranian government and the Company during the post-war disputes. Pointing to irregularities in the bookkeeping methods of the Company, McLintock stated in his report that Iran was not getting the share she is entitled to and that, according to the original concession, Iran's share involved the commercial activities of

80 Ibid, 160.

81 Fateh, *Panjah Sal Naft-e Iran*, 274.

subsidiary companies as well.⁸²

The Iranian government's claim went beyond economic concerns, although economic gain and control over the whole process cannot be considered separately. The dispute over the method of calculating profits, whether it should include the subsidiary companies or what had to be listed as costs, was a dispute over the monopoly of knowledge that was maintained by the Company. This point is very much related to the ongoing debate on *Iranianisation* of the industry, as the agents of this knowledge monopoly were the British managers of the oil industry that kept the bookkeeping an exclusive activity. In his 1920 report on the Company's bookkeeping, McLintock gave a detailed analysis of the figures presented by the Company and pointed to inconsistencies in calculating net profits, among other "bookkeeping gimmicks".⁸³

Not knowing the details of the 1914 agreement between the Company and the British government, the Iranian government had plenty of reasons to be discomfited by the degree of control exerted on the Iranian oil industry by the amalgam of the British government and the Company. The Armitage-Smith agreement came out of this process. It recognized the Iranian government's concerns, yet did not provide a satisfying answer to them. Signed in 1920, this agreement registered that the Iranian government was entitled to 16 percent of the profits arising from all operations directly associated with Iranian oil by the Company or its subsidiaries irrespective of the location where the operations were carried out. The profits arising from the transportation of oil by Company ships would be exempt from this plan. The last article of the agreement underlined the mutual assurance among parties: the Iranian government undertaking to facilitate the Company's operations, and the Company agreeing that "it will not enter into any fictitious or artificial

82 Mostafa Elm, *Oil, Power, and Principle: Iran's Oil Nationalization and Its Aftermath* (New York: Syracuse University Press, 1994), 19-21.

83 *Ibid.*, 20.

transaction which would have the effect of reducing the amount of the royalty payable.”⁸⁴ Followed by a plan to indicate the method of calculating the profits, the agreement provided some transparency for the calculation of Iran’s share. However it did not change the profits being the basis of the assessment of royalties, and no further commitment for *Iranianisation* of the industry was suggested. The oil regime formed by the D’arcy Concession and the Armitage-Smith agreement was to face challenges and go through changes with further agreements in a decade’s time.

Centralisation and Changing Terms

The post World War I years of “endeavor and achievement” in the official BP history narration⁸⁵, were years of “authoritarian modernisation” for Iran.⁸⁶ Exactly two months after the Armitage-Smith agreement, the military coup led by the officer Reza Khan paved the way for a new era in Iran.⁸⁷ The coup rendered anti-communist journalist Sayyed Zia al-Din Tabataba’i prime minister and Reza Khan first the war minister and the commander of the army, then in two years the prime minister and in four years the monarch of the country. While the policies pursued by Tabataba’i limited the court financially and encouraged British intervention in political and military affairs, Reza Khan waged war against internal opposition forces and local powers.⁸⁸ One side of this authoritarian modernisation was

84 Ferrier, *The History of the British Petroleum Company: Volume 1, The Developing Years, 1901-1932*, 658.

85 Ibid, 397.

86 For “authoritarian modernisation” see: Touraj Atabaki and Erik Jan Zürcher, eds., *Men of Order: Authoritarian Modernization Under Atatürk and Reza Shah* (London: I.B.Tauris, 2004).

87 The Armitage-Smith Agreement is dated December 22nd and the Coup February 21st.

88 Stephanie Cronin, “Reform from Above, Resistance from Below: The New Order and Its Opponents in Iran, 1927-29,” in *The State and the Subaltern: Modernization, Society and the State in Turkey and Iran*, ed. Touraj Atabaki (London: I.B.Tauris, 2007).

the “end of chaos”⁸⁹ by means of centralisation, reform, and economic development for Iran, while the other was suppression of local authorities and the leftist and nationalist opposition movements in their formative years. Once again what was conceptualized as chaos for the elites of the center, was the possibility of different ways of social organisation for the opposition movements in the “periphery.”

Reza Shah’s trajectory from a Cossack officer to the court was built on his military success on suppressing the provincial authorities and opposition forces. The main movements suppressed in the course of centralisation ranged from revolutionary groups such as the Jangalis led by Mirza Kuchik Khan of Gilan (suppressed in 1921), Lahuti of Tabriz (1922) to movements led by left leaning nationalists like Khiyabani of Tabriz (1920) or Pasyan of Khorasan (1921), and to secessionist movements such as the Kurdish rebellion led by Simko (1922).⁹⁰

The suppression of local powers including the persecution of oppositional forces and the disarmament and settlement of traditional tribal authorities was complemented with a rapid top-down reform program in the late 1920s. Conscription, dress laws, secular law courts, registration of land and property, and introduction of state monopolies on commodities such as opium and tobacco were not imposed unchallenged.⁹¹ Challenges

89 Homa Katouzian, *State and Society in Iran: The Eclipse of the Qajars and the Emergence of the Pahlavis* (London: I.B.Tauris, 2006), 273.

90 For the Jangali movement See Cosroe. Chaquèri, *The Soviet Socialist Republic of Iran, 1920-1921 : Birth of the Trauma* (Pittsburgh: University of Pittsburgh Press, 1995). For Lahuti’s, Khiyabani and Pasyan’s movement see Cronin, “Iran’s Forgotten Revolutionary: Abulqasim Lahuti and the Tabriz Insurrection of 1922.” For the Khiyabani revolt see Homa Katouzian, “Ahmad Kasravi on the Revolt of Sheikh Mohammad Khiyabani,” in *Iran and the First World War : Battleground of the Great Powers*, ed. Touraj Atabaki (London: I.B.Tauris, 2006), 95–121. For Simko’s rebellion see Martin van Bruinessen, “A Kurdish Warlord on the Turkish-Persian Frontier in the Early Twentieth Century: Isma’il Aqa Simko,” in *Iran and the First World War : Battleground of the Great Powers*, ed. Touraj Atabaki (London: I.B.Tauris, 2006), 69–95.

91 Stephanie Cronin, “Reform from Above, Resistance from Below: The New Order and Its Opponents in Iran, 1927-29,” in *The State and the Subaltern: Modernization, Society and the State in Turkey and Iran*, ed. Touraj Atabaki (London: I.B.Tauris, 2007), 72.

to the centralisation effort of the state spread from the capital city of Tehran to other urban centers and expanded in a widespread fashion across rural areas of Iran. Conscription and the dress code were the main pillars of this dissent.⁹²

The arrest of Shaik Khazal, Shaik of Mohammareh (later Khorramshahr), who had been the primary affiliate for the Company since the beginning of the oil quest, in April 1925 should be taken as a part of the above mentioned centralisation efforts of the state. He was described in the BP history as an “independent minded local Arab ruler,” who “was only nominally subject to the Persian Government” when operations of the Company were starting in Khuzestan.⁹³ Showing loyalty to Ahmad Shah, Shaik brought together local Arab tribal leaders to form a committee and petitioned to the parliament demanding the return of Ahmad Shah and the restoration of the constitutional system.⁹⁴ Despite British intervention and mutual friendship oaths between the Sheik and Reza Khan in Ahwaz, he was arrested, prisoned and later murdered.⁹⁵

Mostafa Fateh, who was a first eye witness of this period working as an assistant to the Tehran representative of the Company, later to be the assistant general manager in Abadan, builds his account on the renegotiation of the terms of the concession on the British party’s perception of this change, centralisation, in the Iranian politics.⁹⁶ The post-war Iran did not only have a different monarch, but also a different mentality of political and economic administration, which was not compatible with the terms of the Concession. As a sign of recognising Iranian state’s centralisation

92 Ibid., 74- 86.

93 Ferrier, *The History of the British Petroleum Company: Volume 1, The Developing Years, 1901-1932*, 121.

94 For the Committee of the Rising for (the Country’s) Happiness, *Komiteh-ye Qiyam-e Sa’adat* see: Katouzian, *State and Society in Iran: The Eclipse of the Qajars and the Emergence of the Pahlavis*, 291.

95 Ibid., 293.

96 Fateh, 282.

efforts, the Company opened a representative office in Tehran, which would be upgraded into a management office in due time.⁹⁷

Fateh's account emphasizes BP's new managers' role in understanding this novel era in Iran's politics and taking steps to negotiate new terms with Iran. John Cadman, an important figure of the negotiations between the Company and the Iranian Government in the late 1920s and early 1930s, was elected as the deputy chairman of the Company in 1925. Cadman attended the coronation ceremony of Reza Shah in 1926 and it was during this visit that he mentioned the necessity of renegotiating terms with the Iranian authorities given that the circumstances had changed since the first concession was signed.⁹⁸ The Great Depression had its own share in shaping the fate of the negotiations in the late 1920s, as well.⁹⁹ The discussion on an increase in the Iranian governments' share in the Company, a reduction in the concession area, and further measures to *Iranianise* the Company did not culminate in an agreement, and the concession was abolished by the Iranian side in 1932.

The Iranian state argued that from the conception of the concession the Company had refused arbitration, made unacceptable claims, falsified its accounts and cheated on its royalty payments. Over three decades since the signing of the concession, the Company was also accused of still not fulfilling Article 12, (which stipulated that that the workmen employed in the service of the Company should be the subjects of the Shah) by their employment of non-Iranian labour.¹⁰⁰

The new agreement of 1933, which was signed before the decision on a complaint made to the Council of the League of Nations by the British party, reduced the area of concession to 100,000 square miles. This meant

97 Ibid.

98 Ibid., 284.

99 J. H. Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Years, 1928-1954* (Cambridge: Cambridge University Press, 1994), 107.

100 Ibid., 40.

an eighty per cent reduction in the territory covered by the concession previously. The financial terms of the new agreement involved payment of one million Pounds to the Iranian government for the settlement of all past claims and a change in the method of royalty calculation. Henceforth it was not to be based on profits of the Company, which had created numerous disputes since its early days, but on the physical volume of oil produced. The two interrelated concerns of the Iranian side, the right to take part in the management of the oil industry and the *Iranianisation* of the labour force, had not been a part of the previous rearrangements of the concession, but found their place in the 1933 Agreement. The Iranian government would be represented in the Company's board of directors with the right to "obtain from the company all the information to which shareholders were entitled" and to attend all meetings of the board, including the meetings of its committees and shareholders. The Iranian government would also have the right to make proposals for the agenda of the meetings.¹⁰¹

The 1933 Agreement registered the progressive *Iranianisation* of the labour force of the oil industry by stating that "all of the Company's unskilled employees were to be Iranian nationals and that the Company was to recruit its artisans, technical and commercial staff from Iranian nationals to the extent that it could find Iranians who possessed the requisite competence and experience."¹⁰² However, in contrast to the D'arcy Concession, where this demand was only worded without any mechanism for implementation, in the 1933 Agreement its implementation was outlined by a general plan for the progressive reduction of foreign employees to be drawn up in 1936.¹⁰³

101 See Appendix II for the 1933 Agreement.

102 Ibid.

103 J. H. Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Years, 1928-1954* (Cambridge: Cambridge University Press, 1994), 86, 92.

If the Armitage-Smith Agreement of 1920 broke the immunity of the D'arcy Concession, as argued by Ferrier, the 1933 agreement rendered it obsolete.¹⁰⁴ It not only recognized the Iranian government's demand of having access to the mechanisms regulating the knowledge production necessary for controlling oil production by having members in the board of directors, but also registered the new approach to the subjects of the *Iranianisation* debate. As it has already been mentioned, what was recorded as the "subjects of his Imperial Majesty the Shah" in 1901 became "Iranian nationals" in 1933, in line with the process of nation state building in the country.

Despite the frequently stated dissatisfaction of the Iranian government with the 1933 agreement in the historiography of oil, figures point to an improvement in the oil payments after the 1933 agreement.¹⁰⁵ In addition to that, the Company agreed to sell oil products at a ten per cent discount below its previous prices in the domestic market, develop the Naft-e Shah oil field in South West Iran, and build a refinery in Kermanshah, which would be operated by the National Iranian Oil Company after the consortium of 1954 took over. Taken together with the annulment of the exemption of partial customs duty payments given to Russians, this new refinery and discount would mean a reduction in the import of oil and a striking increase in its domestic usage. While in 1927 seventy-seven per cent of domestically consumed oil was imported, the figures fell to twenty-eight in 1937, then drastically to two per cent in 1942 and to 0.7 in 1951. However, the total consumption of oil rose from 52.5 metric tons to 162.3 in 1937, 265.2 in 1942 and 941.0 metric tons on 1951.¹⁰⁶

104 Ferrier, *The History of the British Petroleum Company: Volume 1, The Developing Years, 1901-1932*, 371.

105 Fereidun Fesharaki, *Development of the Iranian Oil Industry: International and Domestic Aspects* (New York: Praeger publishers, 1976), 14-16. Fesharaki points to an increase in revenues after the 1933 agreement until the outset of the war in 1939 due to the reduction in oil exports. Also see: Fateh, *Panjah Sal Naft-e Iran*, 312.

106 Fesharaki, *Development of the Iranian Oil Industry: International and Domestic Aspects*, 28-35.

The 1930s were years of development for Iran as much as they were for the Company. The Trans-Iran railroad was opened in 1938, 265 new factories operated both by private and public sectors and employing forty-seven thousand workers were founded between 1930-1940, and hospitals and clinics were established in the capital and major big cities.¹⁰⁷ However, these were not funded by the rising oil revenues but taxes, as oil revenues were not a part of the national budget, and were deposited in the state reserve fund used for military imports until September 1941.¹⁰⁸ For example, the Trans-Iran railway connecting the Persian Gulf to the Caspian Sea, which was very useful for transporting oil throughout the country was financed mainly by the taxes on sugar and tea.¹⁰⁹

The silver lining of the 1933 agreement involved the Company's engagement with the housing and well-being facilities for its employees. After the Agreement, the Company drafted a plan to construct houses mostly for its British but also some Iranian employees. The construction of Company houses in Abadan, Masjed Soleyman (MIS) and Haftkel started in 1934. Health and schooling were two other points of concern for the oil employees living in the Refinery area and in the oil fields.¹¹⁰ The Company improved the hospitals in Abadan and MIS and opened new clinics.¹¹¹ Apart from a number of primary schools, the Company, opened some training plants for unskilled labour, raised the three years apprenticeship to five years, and launched a technical institute for higher education in 1939, as part of its undertaking of *Iranianisation* of the industry in the shortest possible time that was registered in the 1933 Agreement.¹¹²

107 Fakhreddin Azimi, *The Quest for Democracy in Iran: A Century of Struggle Against Authoritarian Rule* (Cambridge: Harvard University Press, 2009), 95-96.

108 Ibid., 112.

109 Elm, *Oil, Power, and Principle: Iran's Oil Nationalization and Its Aftermath*, 39.

110 See Chapter 3.

111 Fateh, *Panjah Sal Naft-e Iran*, 311.

112 Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Tears, 1928-1954*, 94.

One of the controversial parts of the 1933 Agreement was its prolonging of the Company's control over Iranian oil by signing an agreement that would extend the initial commitment. With the abolition of the D'arcy Concession, that was going to end in 1961 leaving the Company's physical assets in Iran to the Iranian state, and signing the 1933 Agreement, the control of the Company was extended from 1961 to 1993.¹¹³

The Years of War and Occupation

The trajectory of the Iranian oil industry was a function of many different factors. The Imperialist British policies, the colonial attitude of a commercial company in a non-colonial setting, the developments in the oil industry in the world, the changing dynamics of domestic politics and the change in the world order going through two world wars all had their impacts on this trajectory, with varied strength at different times. Moreover, each of these factors were shaped both by elites occupying the decision-making positions and the people, including the workers of the industry, that at times challenged those elites, and at other times obeyed, internalized, appropriated, reacted to or initiated the changes.

When Iran was occupied in 1941 by the British in the South and the Russians in the North despite its declaration of neutrality in the beginning of the World War II, keeping control of the oil industry seemed to be the main motivation for the invading British forces. They entered Iran with two divisions, one to occupy the refinery cities of Khorramshahr and Abadan and keep control of the oil fields, and the other to proceed to Kermanshah and join the Soviet troops. Although the declared concern for the occupation was the "protection of the oil industry", the allied

113 Elm, *Oil, Power, and Principle: Iran's Oil Nationalization and Its Aftermath*, 38.

forces moved towards the capital city.¹¹⁴ Fateh argued that the negotiations in the two years preceding the actual occupation of Iran were beneficial for the Iranian oil industry.¹¹⁵ The Company was prepared for the war, and a Petroleum Board was formed with the initiative of the British Government even before Britain's declaration of war on Germany. However, the British trade of Iranian oil declined in the first years of the war due to problems in its shipment, and lack of demand in the German occupied Western Europe. The route from Abadan to Western Europe via the Suez Canal and the Mediterranean, which was the main route that the Company was using, was not considered to be safe by the Admiralty already in 1939. In total fifty ships were sunk between September 1939 and January 1945, forty-four of which were owned by the Company.¹¹⁶ The change of the route from the Mediterranean to a route around Africa and Cape of Good Hope brought forth a decline in shipments from Abadan due to the shortage in tanker tonnage.¹¹⁷

These developments gave rise to the Iranian government's concerns about the future of Iranian oil during the war, which was solved by an agreement between the Iranian government and the Company to secure the Iranian revenue of oil during the war by an annual fixed payment. According to this agreement, the Company would pay the yearly fixed amount of four million pounds to Iran irrespective of the amount of oil extracted, due to the risk of the war reducing Iran's oil revenues.¹¹⁸ This fixed payment stayed in effect between 1940- 1943.

Although better than neighboring cities, the living conditions in the refinery city of Abadan had deteriorated to a great extent during the

114 Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Years, 1928-1954*, 237-38.

115 Fateh, *Panjah Sal Naft-e Iran*, 314.

116 Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Years, 1928-1954*, 216.

117 For a detailed account of the Company's experience with the World War II, see "War, 1939-1945" in Bamberg op.cit.

118 Fateh, *Panjah Sal Naft-e Iran*, 314.

war, following shortages in food, increased population, and an epidemic of typhus. These conditions led Iranian skilled workers to leave the Company to work for other British and American companies in mid 1940s.¹¹⁹ The Company employed new workers, including Iranians and Indians, as well as Czechs, Poles, Palestinians, personnel “on loan” from the military, Burmah Oil Company workers that had been evacuated from Burma, and the wives and daughters of the British staff of the Company, who were not allowed to be hired before. In the BP company history, this change in the employment structure is seen as giving rise to labour unrest.¹²⁰

The allied occupation did not only have disruptive socio-economic impacts on Iran but also brought the fifteen years of Reza Shah rule to an end, sending him to Mauritius to exile and bringing his son Mohammad Reza Pahlavi to reign in 1941.¹²¹ The post-Reza Shah era involved years that organized political movements flourished in Iran. Following the amnesty that set political prisoners free, trade unions and political parties, which would be very influential in the path of oil nationalisation were formed.¹²² The communist *Tudeh* (masses) Party was formed in 1941, and Trade Union of the Workers of Iran (*Ettihadieh-e Kargaran-e Iran*, known also as *Showra-ye Markazi*), founded by *Tudeh* members, had its first conference in 1944 after three years of organizing efforts.¹²³ 433 newspapers titles and periodicals appeared between 1941-1947, indicating the richness of public debate.¹²⁴

119 Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Years, 1928-1954*, 249.

120 *Ibid.*, 250.

121 For the devastating impact of WWII on Iran, see John Foran, *Fragile Resistance: Social Transformation in Iran from 1500 to the Revolution* (Boulder: Westview Press, 1993), 264-272.

122 Habib Ladjevardi, *Labour Unions and Autocracy in Iran* (Syracuse: Syracuse University Press, 1985), 28.

123 *Ibid.*, 31.

124 L.P. Elwell-Sutton, “The Iranian Press, 1941-1947,” cited in Peter Avery, Gavin Hambly, and Charles Melville, eds., *The Cambridge History of Iran, Volume 7* (Cambridge: Cambridge University Press, 1991), 244.

After the first two years of the war, when the demand for Iranian oil had declined due to the extent of the German invasion in Western Europe and the problems in shipment through the Mediterranean Sea, the international demand for Iranian oil rose again with the Allied invasion. The newly built Trans-Iranian railway connecting the oil producing South to the Caspian Sea turned Iran into a safe corridor for supplying the Soviet Union with oil and other materials. During war years Abadan produced up to a million tons of oil for the Soviet Army.¹²⁵ The Japanese invasion of the Dutch East Indies and Burma in 1942, and the re-opening of the Mediterranean for the ships of Allied forces alleviated the importance of Iranian oil for the Allied powers further.¹²⁶ The crude and refinery products of Iran, which were in decline between 1939-1941, recovered in 1942 and increased each year during the war.¹²⁷ Subsequent to the departure of the occupation forces in 1946, the resentment caused by the Allied invasion was channeled to the Company.

The World War II years were important in shaping both public opinion and the governing elites' perspective with respect to the British involvement in Iranian oil. The Iranian uneasiness with the British monopoly on Iranian oil was further strengthened by other countries' increased interest in getting concessions from Iran towards the end of the war. What could be called a time of "concession hunting"¹²⁸ was a product of various entangled processes. In the literature, the new rivalry between the American and Russian Companies/governments to get a share in the Iranian oil market is named as the "first phase of crisis" that would lead to

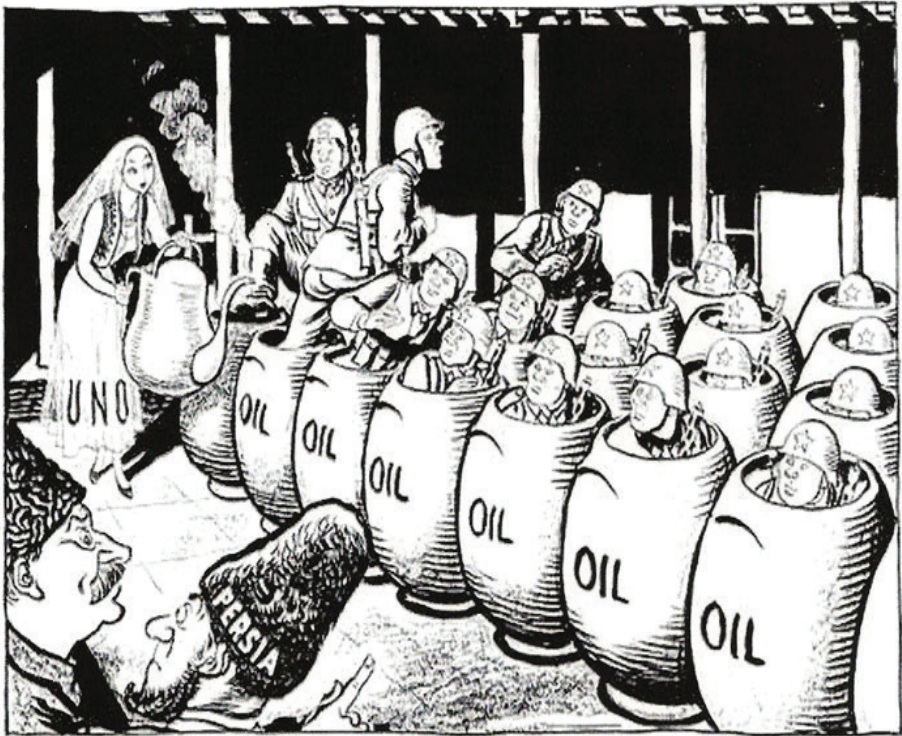
125 Chris Paine and Erica Schoenberger, "Iranian Nationalism and the Great Powers : 1872-1954," *MERIP Reports* 37, no. 37 (1975), 18.

126 Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Years, 1928-1954*, 240.

127 See Table 9.3 and Table 9.4 in Bamberg, 242.

128 Benjamin Shwadran, *The Middle East, Oil and the Great Powers* (New York: John Wiley and Sons, 1973), 51.

Picture 5



Iranian state complained to the UN Security council for the Soviet troops to withdraw in January 1946. (Illingworth, 'The Daily Mail', 28/03/1946 in <http://mideastcartoonhistory.com/1941To52/1946.html>. Accessed 10/09/2016)

Looking for solutions to get over the devastating impact of the Allied occupation, Iran had employed foreign advisors to resolve her economic and administrative problems already before the end of the war, in 1943.¹³⁰ It was the same year that Royal Dutch Shell sent representatives to Iran to negotiate a concession outside the Company's area of operation.¹³¹

129 Ibid., 53. Also see Abrahamian, *The Coup: 1953, the CIA, and the Roots of Modern U. S. -Iranian Relations*, 40-41.

130 Alan W. Ford, *The Anglo-Iranian Oil Dispute of 1951-1952: A Study of the Role of Law in the Relations of States* (Berkeley and Los Angeles: University of California Press, 1954), 31.

131 Elm, *Oil, Power, and Principle: Iran's Oil Nationalization and Its Aftermath*, 44.

The American Standard Vacuum Oil Company and Sinclair Oil Company continued these concession negotiations in 1944.¹³² However, the Soviet Union was the first that put forth a concrete plan involving a fifty-fifty profit sharing scheme that was proposed as a prerequisite for ending her military presence in Iran. According to this agreement a Soviet-Iranian Oil company was going to be formed to explore and exploit the oil of five Northern provinces. For the first twenty-five years, the USSR would hold the fifty-one percent of its shares and after twenty-five years the share would be fifty-fifty.¹³³

If accepted, the Soviet agreement, although it could be regarded as a product of Anglo-Russian occupation of Iran, would be the first agreement granting fifty percent of the shares of the revenues to an oil-rich country in the Middle East, setting a much more equitable frame of shareholding, which would be the trend in late 1940s.¹³⁴ The Soviet proposal for concessions in the North was delayed under the pretext of Iran's decision to not grant any concession until the end of the war, and the retreat of foreign military from the country. The agreement was signed in 1946, was discussed in the parliament in 1947 and got annulled by the Single Article Law of October 1947. In addition to instituting the Soviet-Iranian agreement null and void, this law registered the requirement of technical research for mapping the oil reserves of Iran in the consequent five years, and forbid granting any concession for oil exploitation until this mapping took place. However, it was stated that after the assessment of the oil reserves according to the research mentioned above, that the government would be authorized to negotiate with the USSR for the sale

132 Nasrollah Saifpour Fatemi, *Oil Diplomacy: Powderkeg in Iran* (New York: Whittier Books, 1954), 229.

133 Fesharaki, *Development of the Iranian Oil Industry: International and Domestic Aspects*, 41.

134 The Soviet troops left Iran in 1946, the Venezuelan agreement initiating the 50/50 rule was finalized in 1948, and the Saudi agreement introducing 50/50 in the Middle East, was signed in 1950. For the Venezuelan and Saudi agreement see Francisco Parra, *Oil Politics: A Modern History of Petroleum* (London: I.B.Tauris, 2004), 14-21.

of oil products. This law did not only block the Russian interest in engaging with the exploitation of Iranian oil, but also recorded the apathy of the Iranian government towards the concessions in general. The last article of the Single Article Law mentioned the Southern oil in particular and set the tone for the future negotiations with the British:

In all cases where the rights of the Iranian nation, in respect of the country's natural resources, whether underground or otherwise, have been impaired, particularly in regard to the southern oil, the government is required to enter into such negotiations and take such measures as are necessary to regain the national rights and inform the Majlis of the result.¹³⁵

The Iranian Prime Minister Ahmad Qavam had assured the British ambassador that the new legislation would not create any crisis between Britain and Iran, and was meant to appease the Soviets and maintain the peace.¹³⁶ However, Mohammad Ali Movahed, the writer of the most comprehensive book on the nationalisation of oil in Iran, argues that the lawmakers did not estimate the consequences of the Single Article Law, which would pave the way for nationalisation.¹³⁷ It was during the implementation of this Single Article Law in 1948 and after subsequent changes in the government, when the Anglo-Iranian Oil Company and its operations came under the spotlight. The Prime Minister Hazhir came up with twenty points that summarized the disagreements between the Iranian government and the Company. The primary concern of the Iranian government was the employment policy of the Company in favoring the employment of foreigners and not employing Iranians in key positions, in other words *Iranianisation*. Dissatisfaction with oil revenues in comparison with other oil producing countries such as Venezuela, Iraq and Kuwait, and the need to curb the trade of crude oil were among other issues that

135 Shwadran, *The Middle East, Oil and the Great Powers*, 61-61.

136 Ronald W. Ferrier, "The Anglo-Iranian Oil Dispute," in *Musaddiq, Iranian Nationalism and Oil*, ed. James A. Bill and William Roger Louis (Austin: University of Texas, 1988).

137 Mohammad Ali Movahed, *Khab-e Ashofte-ye Naft Volume I* (Tehran: Karnameh, 1378/1999), 73-75.

were raised in the negotiations.¹³⁸

Global Connections of Nationalisation

Movahed was right when he underlined that the lawmakers themselves could not guess the outcome of the Single Article Law of 1947. It is not that they were short sighted, but the process was not developing in a vacuum and was shaped by multiple factors. The international factors, which have been important in the *Iranianisation* process during WWII, have been mentioned above. However, the dialectic between the non-Iranian agents within and beyond the national borders and the local actors deserves more light than it has received so far. I prefer to refer to these dialectical connections as global instead of international or transnational, not to claim that these connections involved the whole globe, but that the direction of connections surpassed the boundaries of “the national” and that the entities in connection were themselves products of this globality, which renders nationalisation a global character.

At any given point of history that is narrated, the narrated event does not happen in a vacuum. In the theoretical questions he poses to the study of Global History, Marcel van der Linden argues that as long as we acknowledge the impact of transnational and transcontinental processes such as war or migration on the developments within the territory of a nation state, we have to go beyond the definition of a society that is restricted by geography.¹³⁹ However, space has not received enough attention from history writers. Either taken as a bounded entity or an interconnected terrain, it is taken as frozen and open to change only with time and/or encounter with the ‘Other’. Even the debates on spatial interconnectivity, which acknowledge relations beyond borders, do not

138 Ibid.

139 Marcel van der Linden, “The ‘Globalisation’ of Labour and Working-Class History and Its Consequences,” *International Labour and Working Class History* 65, no. 65 (2004), 141.

necessarily take space as a process in living, but as an empty and closed entity that is prone to change only by action or reaction. However, space is a process, a social product that embodies social relationships.¹⁴⁰ Therefore, the nationalisation of oil would be understood better if its context that is beyond national borders is taken into consideration in its globality.¹⁴¹

World War II had an impact on public opinion in Iran in terms of a rising awareness of the importance of oil and the control of it for the world. The changing nature of the oil concessions in the world did not go unnoticed, either at the level of elites or of public opinion. In addition to that, there was a dialogue among the engineers of those changes in the world oil market. For example, Iran's foreign advisors, either seen as a referent to the country's semi-colonial position vis-à-vis the British in general, and the oil company in particular; or as an indicator of the country's incompetence and lack of expertise in managing its own affairs had a more complex role than those. It is true that Iranian government had often resorted to foreign advisors due to some concessionary agreements and not out of "pure" choice, which strengthens the arguments on the colonial relations of the Company in a non-colonial setting.¹⁴²

Sydney Armitage Smith, who gave his name to the previously mentioned revision of the D'arcy Concession, was appointed by the British government as a financial advisor to the Finance Ministry of Iran on the basis of the Anglo-Iranian Agreement of 1919 that put Iran's finance and military under British control. This was narrated by some as

140 Lefebvre, *The Production of Space* (Oxford: Blackwell Publishers, 1991), 27.

141 See Maral Jefroudi, "The Opening-up of the Past and the Possibilities of Global History for Iranian Historiography," in *Iran in the Middle East: Transnational Encounters and Social History*, ed. H.E. Chehabi, Peyman Jafari, and Maral Jefroudi (London: I.B. Tauris, 2015).

142 For "colonial experience" generated by the Company see Ehsani, "Social Engineering and the Contradictions of Modernization in Khuzestan's Company Towns: A Look at Abadan and Masjed-Soleyman," 363- 65.

Iranians' collaboration to make Iran a British protectorate.¹⁴³ The British control over the Iranian military and finance by employing advisors would be complemented by Americans and later on by Germans.¹⁴⁴ However, not all the advisors appointed were securing the interests of their home countries one and only. Neither were they totally immersed in strengthening the centralisation of the Iranian State, which was their official reason of employment (such as the Millspaugh mission of 1922-1927).¹⁴⁵ In other words, with or without their intention, the assessment of which is neither the task of historians or within their capabilities to discover, their knowledge at times contributed to the making of Iran's oil nationalisation movement.

A brief review of the evolution of fifty-fifty shareholding agreements sheds light to this effect. Following the not ratified Russian agreement of a gradual fifty-fifty percent shareholding, late 1940s witnessed a number of other fifty-fifty agreements. First Venezuela, and then Kuwait and Saudi Arabia signed agreements with oil companies on the basis of equal share of the oil revenues. The Venezuelan experience started with the 1943 Hydrocarbons law, and the principle was put into effect only in 1948.¹⁴⁶ Two of the consultants drafting the 1943 law were A.A. Curtice and Herbert Hoover Jr. from US, who after a year would come to Iran as consultants. Movahed relates that the director general of oil in the ministry of finance, Hossein Pirnia, had argued that these two advisors had given

143 Michael P. Zirinsky, "Imperial Power and Dictatorship : Britain and the Rise of Reza Shah, 1921-1926," *International Journal of Middle East Studies* 24, no. 4 (1992), 640-41. Also see Frances Bostock, "State Bank or Agent of Empire? The Imperial Bank of Persia's Loan Policy 1920-23," *Iran* 27, no. 1989 (1989), 103-13.

144 Paine and Schoenberger state that after the departure of Arthur C. Millspaugh, who was employed as the general director of Iranian finances between 1922 and 1927, nearly all advisers came from Germany. They argue that there were two thousand Germans in Iran at the time of Allied invasion of 1941. See "Iranian Nationalism and the Great Powers : 1872-1954," 14-15.

145 Ibid. 14.

146 Francisco Parra, *Oil Politics: A Modern History of Petroleum* (London: I.B.Tauris, 2004), 14-15.

the details of the Venezuelan agreement in their first visit to Iran in 1944, and had related the benefits of a fifty-fifty agreement on the Southern oil for the Iranian government.¹⁴⁷

American Petroleum adviser Max Thornburg, who was named as “chief adviser on nationalisation” by the British government in 1951 was a prominent example of these foreign advisors.¹⁴⁸ Thornburg led American foreign oil policy during WWII and was one of the engineers of the 1943 Venezuelan oil deal. He visited Iran in 1948 several times and advocated for private sector developmentalism. As the vice president of OCI, Overseas Consultants, Inc., he settled in Iran in 1949 undertaking a contract with Iran to design a development program. His experiences in the Venezuelan deal strengthened his position in Iran. He had close relations with the Prime Minister Razmara, and at some point he would meet the Prime Minister and the shah daily. Much of his activities would be hidden from the American embassy. His interventions were highlighted during the negotiations of the Supplementary agreement in 1949, and with Razmara, he drafted an alternative proposal for the Anglo-Iranian Oil Company that was be rejected by the Company. Nationalisation was not off the table for him either. After the Company’s rejection of their proposal, his stance against the Company and the British state got even more critical, and he was sent on vacation at the end of January 1951 by the Truman administration. This was three months before the Prime Minister was assassinated (7 March 1951) and before the street protests for nationalisation broke out.¹⁴⁹ His position exemplified the gray zones where interests of different parties coincided at times, which made tactical alliances possible; i.e., between the nationalist proponents of the nationalisation of oil and an American petroleum adviser such as Thornburg, whose name had mingled with pro-

147 Movahed, *Khab-e Ashofte-ye Naft Volume I*, 77.

148 Linda Wills Qaimmaqami, “The Catalyst of Nationalisation: Max Thornburg and The Failure of Private Sector Developmentalism in Iran, 1947- 1951,” *Diplomatic History* 19, no. 1 (1995), 30.

149 *Ibid.*, 9,17,19, 20, and 28.

Razmara coup plots¹⁵⁰ and advocacy of using undemocratic means such as “arresting the troublemakers in the country” in order to install “economic reforms”.¹⁵¹

The direct Venezuelan connection was more than these advisors. In 1949, the Venezuelan government sent a delegation to Iran to inform them about the details of their fifty-fifty agreement. The Venezuelan delegate would fly to Saudi Arabia after Iran, and then to Kuwait and Iraq. The successor of Pirnia, Manucher Farmanfarmaian, in his memoirs would narrate this meeting with the Venezuelan delegation as a “four-day marathon of conversation, the first open exchange of information ever held between two oil producing nations [...] the first step in the emancipation of the oil industry and the seed of what ten years later would flower into OPEC, the Organisation of Petroleum Exporting Countries.”¹⁵²

The delegation was composed of Edmundo Luongo Cabello, Venezuelan vice minister of hydrocarbons and mines, I. Monsanto, the Venezuelan ambassador to Rome, Monsalve Casado, professor of petroleum and mining law, and a secretary who was narrated as carrying a big valise full of translated documents.¹⁵³ The head of the delegation, Luongo Cabello, stated the purpose of their visit as “informal exchange of ideas among oil-producing nations.”¹⁵⁴ Indeed, the Venezuelan delegation had brought copies of the hydrocarbon law, tax law on royalties, labour code and concessions. Furthermore, the members of the delegations explained the process they went through in detail and according to their fields of expertise.¹⁵⁵ Upon getting informed about the situation of the

150 Ibid. 27.

151 Ibid. 17.

152 Manucher Farmanfarmaian and Roxane Farmanfarmaian, *Blood & Oil: A Prince's Memoir of Iran, from the Shah to the Ayatollah* (New York: Random House Publishing Group, 2007), 230.

153 Ibid., 229.

154 Ibid.

155 Ibid., 231.

Venezuelan oil industry, Farmanfarmaian was staggered by the difference in the labour conditions in Venezuela and Iran.

Their workers were paid four times what ours were, worked a half day less per week, had medical and retirement benefits, and could even purchase a house on credit against their salaries. Food, housing and clothing were subsidized- unlike the situation in Abadan, where workers often went about in rags.¹⁵⁶

One of the reasons behind Venezuelan delegation's assistance to the Iranian state in their negotiations vis-à-vis the oil companies was the cheapness of the crude oil from the Middle East in comparison with the Venezuelan oil and the possibility of joint action at the supply side of the oil market.¹⁵⁷

As we will see in the following discussion around the supplemental agreement that paves the way for nationalisation, the discussions preceding the fifty-fifty agreements in Iraq and Saudi Arabia, the acknowledgement of the Mexican experience of nationalisation of oil in 1938 and the first victories of the anti-colonial movements beyond the Iranian borders had their impact on the formation of public opinion and the parliamentary debates vis-à-vis the oil issue in Iran.

The government's answers to questions posed by Mossadegh on the eve of the nationalisation of oil in 1951 demonstrate the strength of this link. "What is your general view in respect of oil wells now at the disposal of the Oil Company and how can they be administered?" Mossadegh asked. The answer involved the acknowledgment of the experiences of other oil-producing countries. The cases of Mexico, Venezuela and Colombia were explained and it was argued that a comparative study of these three cases suggests that it was the Venezuelan model, which was defined as a revision of the concession for maximum gain that is more suitable to the conditions of the Southern oil. The Venezuelan oil industry's high level of

156 Ibid.

157 Ibid., 228.

productivity was influential in this choice as well.¹⁵⁸

The global connections went beyond unilinear relations such as the impact of the international politics or events beyond Iran's borders and their reception by the Iranian public or elites. For example, the discursive determination of the British party to *Iranianise* the labour force that was registered in the 1933 Agreement was as much a result of Iranian public resentment and political negotiations as the labour activism of Indian workers in the 1920s. The strike in December 1920 involved three thousand Indian workers who demanded an increase in the wages that was followed by the Iranians the next day. This strike would be followed by at least two more strikes by Indian workers in 1922 and 1924, which would result in the repatriation of the striking Indian workers and a change of attitude to replace the Indians with the Iranians at the Company's side.¹⁵⁹ Thus a part of the Indian anti-colonial struggle was taking place within Iranian borders, leaving its traces in the collective memory of the labour movement in Iran. The link with the Indian anti-colonial struggle became symbolically tangible with the chronological succession of India's independence in 1947 with the change in the legal regime of oil in Iran, rendering all foreign concessions illegal in the same year.¹⁶⁰ These global connections would survive and even develop further in future years. As a workers' representative stated in his speech during the Prime Minister's visit to Khuzestan in 1959, at least a section of the workforce was also informed about the situation of workers in other countries. While commenting on the Company's not paying for the three first days of sickness, the representative stated:

I also know the international laws. I also have traveled to outside countries, Europe and America. I also more or less know, that the three days are not paid for in other countries, even they do not pay for 10 days, for 7 days. But I want to

158 FO 248/1526

159 Ferrier, *The History of the British Petroleum Company: Volume 1, The Developing Years, 1901-1932*, 432-3. Also see Touraj Atabaki, "Far from Home, But at Home: Indian Migrant Workers in the Iranian Oil Industry," *Studies in History* 31, no. 1 (2015), 109.

160 Movahed, *Khab-e Ashofte-ye Naft Volume I*, 74.

point out one fact. I wish to compare my health to the health of these workers. There is great difference in between.¹⁶¹

The Making of the National Regime of Oil

The Company and the British state had similar concerns in the post-WWII milieu. These involved all preceding issues about the importance of oil and of having access to it, with an increase in the number of international actors wanting to have access to the very same sources. As a part of its post-war reorganisation plans, the Company wanted to limit the distribution of its dividends in order to build up its general reserves, which would affect the Iranian royalties unfavourably. The discussions between the Company and the Iranian government started in 1948 and took a year until an agreement was signed. For the Iranian government, the two age-old concerns of *Iranianisation* of the labour force and the increase in royalties were complemented with a concern for basic prices of oil products for local consumption in Iran.¹⁶²

Apart from the ongoing dissatisfaction with the *Iranianisation* of the labour force and particularly the limited employment of Iranians at senior posts, the disparity between the profits of the Company and the royalties paid to Iran after WWII was a serious source of Iran's demand of the revision of the agreement. During these years the Company's profits had increased tenfold while Iran's royalties had only had a fourfold increase.¹⁶³ Moreover, the British Government was extracting higher revenues from the oil industry by means of taxation than what the Iranian government was earning from the exploitation of her own natural resources by 1949.¹⁶⁴

161 FO 371/140893.

162 Shwadran, *The Middle East, Oil and the Great Powers*, 90.

163 Fesharaki, *Development of the Iranian Oil Industry: International and Domestic Aspects*, 42.

164 Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Years, 1928-1954*, 387.

This balance, which was in favor of the Iranian government before the war, had changed from 1944 onwards and in 1950, with the adjustment of taxes in Britain, the British Government getting more than double what the Iranian government was earning from Iranian oil, just through taxation.¹⁶⁵

During the discussions the Iranians were particularly putting forward the Venezuelan case. Movahed argues that a fifty-fifty agreement like Venezuela and an article in the new agreement that makes it possible to renegotiate the agreement every fifteen years were pushed by the Iranian party. The Iranian government was building up on its 1947 law to exercise its “national right” on the Iranian oil during these discussions.¹⁶⁶ However, the Iranian acquaintance with the Venezuelan case was not perceived favorably during the negotiations. Each time the Iranian finance minister would mention the Venezuelan example, the Company director Gass would object by stating that the Iranian case and the Venezuelan case were completely different. The main difference according to Gass was that the Standard Oil Company of New Jersey that signed the fifty-fifty agreement with Venezuela was only working in Venezuela, while the Company had subsidies in a number of countries in the world including Kuwait and Iraq, and the Venezuelan solution would give the Iranian state access to profits made in those countries.¹⁶⁷

After a long series of negotiations, the Supplementary Agreement of 1949 was signed, but it stayed in limbo awaiting ratification by parliament until 1950. In January 1950, the government submitted the agreement to a special oil committee for examination. This committee was composed of eighteen appointed members, and was chaired by Mossadegh. Following this committee’s report, which evaluated the agreement as not

165 In 1950, Iranian Government had earned £16.03 million by means of royalties and taxation in comparison to £36.19 that the British were earning through taxation. *Ibid.*, 325.

166 Movahed, *Khab-e Ashofte-ye Naft Volume I*, 80.

167 *Ibid.*

safeguarding Iran's interests, the government withdrew the agreement.¹⁶⁸ The Supplementary Agreement involved an increase in the royalty per ton, settled an annual payment to solve the issue of lost income on the part of the Iranian state (which was not paid its share of dividend as a shareholder as was initially agreed), and a minimum rate for payments.¹⁶⁹ However, as it was also stated in the commissioned BP history book, the agreement promised "too little too late."¹⁷⁰

Max Thornburg, the aforementioned American advisor to the Iranian government, was against the agreement and argued that the Iranian government should insist on a fifty-fifty agreement, making a trip to London to convey his ideas to convince the Company board of directors.¹⁷¹

Within just days after the Supplementary Agreement was withdrawn from the parliament, the first fifty-fifty share agreement in the Middle East was signed in Saudi Arabia, between the Saudi government and ARAMCO of the US in 1950.¹⁷² Similar agreements were signed after the nationalisation of oil in Iran, in Kuwait in November 1951 and Iraq in 1952. In addition to the Venezuelan acquaintance and the discomfort with the disparity between the taxation revenue of the British and the income of the Iranian state from the oil, the spread of fifty-fifty agreements in the region was an important factor in forming both public opinion and the attitude of elites in the decision-making posts.

While discussions on the Supplementary Agreement were still ongoing in the Parliament in 1950, the Company, in Abrahamian's words,

168 Shwadran, *The Middle East, Oil and the Great Powers*, 90.

169 Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Years, 1928-1954*, 326, 398.

170 Ibid., 409.

171 Ervand Abrahamian, *The Coup: 1953, the CIA, and the Roots of Modern U. S. -Iranian Relations* (New York: The New Press, 2013), 47.

172 Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Years, 1928-1954*, 405.

“in its infinite wisdom and insatiable desire to cut costs, fired eight hundred workers, closed a plant in Kermanshah, and trimmed down housing projects”, which incited protests.¹⁷³ Consequently, the principle of nationalisation was approved by the Parliament on the 15th of March 1951. The approval of the nationalisation principle did not bring forward the solution by itself. The content of this principle and the ways it was implemented had to be clarified by the government. The head of the oil committee and the outspoken leader of the National Front, Mossadegh, accepted this responsibility, and the nine-point resolution of the oil committee on the implementation of the nationalisation principle passed the Parliament and then the Senate on the 30th of April, just after he became the Prime Minister.¹⁷⁴

The parliamentary discussions over the future of the Iranian oil industry were accompanied with pro-nationalisation protests on the streets. The protestors against British control over Iranian oil formed a heterogeneous group composed of islamists, communists, nationalists and other anti-court politicians, politicians connected with the bazaar, and the Western educated, young and radical intellectuals.¹⁷⁵

Demonstrations were not only a metropolitan phenomenon. During the course of the approval of nationalisation principle, to the approval of the forms of its implementation, the oil fields and Abadan had rebellious days. The protests in the oil fields began on the 26th of March in Bandar Mashur and Agha Jari. Workers initiated a strike on the basis of the cuts to the “outstation allowances” given to compensate for the lack of amenities in the new fields of operation. The strikes in Bandar Mashur and Agha Jari were followed by Abadan Institute students’ strikes

173 Abrahamian, *The Coup: 1953, the CIA, and the Roots of Modern U. S. -Iranian Relations*, 66.

174 Bamberg, *The History of the British Petroleum Company: Volume 2 The Anglo-Iranian Years, 1928-1954*, 418.

175 Ervand Abrahamian, *Iran Between Two Revolutions* (Princeton University Press, 1982), 252.

demanding the reduction of the pass mark in the examinations and in Masjed Soleyman demanding increase in the wages. On the 1st of April, the workers at Naft Safid and Lali joined the strikers for the return of their outstation allowances. In Abadan, refinery workers joined the strikes, demanding increase in the wages, increase in the annual leave, and free accommodation. Protests culminated in bloodshed at Bandar-Mashur and Abadan on the 12th of April and came to a standstill by the end of April.¹⁷⁶

Consular reports attested to the inconsistency of the state authorities in taking sides during demonstrations in the oil towns. The military government was noted to cooperate with the Company officials in suppressing the demonstrations in mid April. Five thousand protestors, visiting the grave of a student who was wounded during the clashes and later died, were dispersed by the military, tanks and troops who had been stationed near the cemetery in Abadan.¹⁷⁷ Troops were employed to prevent picketers and checkpoints were installed at roads. The cooperation of the Company and the state officials was extended to the degree that the consul general at Khorramshahr had reported that he himself had by his own initiative “handed tear gas bombs to the Persian authorities at their request.”¹⁷⁸ However, later reports complain about the indecisiveness and incapacities of Iranian authorities to suppress the riots.¹⁷⁹ Moreover, General Shahbakhti, who was in charge of the civil and military administration of Khuzestan was accused of playing a “double game”.¹⁸⁰

The Nine-point Oil Nationalisation Law of May 1st 1951 involved the formation of a mixed board of senators, deputies and the finance minister or his deputy responsible for supervising the nationalisation of the oil industry in Iran. According to this law, the Anglo-Iranian Oil Company

176 FO 248/1524.

177 Ibid., 16/4/1951, From Khorramshahr to Tehran. No.123.

178 Ibid., Telegram No 120. 15/4/1951.

179 Ibid. Several telegrams in April, May and June 1951.

180 Ibid. Telegram 119. 15/4/1951.

would be dispossessed with compensation. The accounts of the Company would be audited to mark the revenue from oil production that the Iranian government had been entitled to since the date that the Nationalisation Principle was approved and the mixed board would constitute the statute of the National Iranian Oil Company (NIOC) that would replace AIOC. The law included provisions for sending Iranian students abroad, for the gradual replacement of foreign experts and assurance to the present customers of Iranian oil that they would be provided with the same quantity of oil at a reasonable international price after the nationalisation. The mixed board was given three months to accomplish the designated tasks.

By June, talks with the Company delegation came to a dead end as the alternative proposals of the Company were found incompatible with the Nationalisation Principle of Iranian oil, which basically entailed that all exploration, extraction and exploitation activities should be in the hands of the Iranian government. The first takeover of the AIOC office took place in June, and gradually the National Iranian Oil Company (NIOC) replaced AIOC by September 1951. Meanwhile, the British staff rejected the Iranian government's offer of employment in NIOC, and all the tankers were removed from Abadan, which would bring the export of Iranian oil to a halt. The last British staff evacuated Abadan in October and Iran was faced with an oil boycott lead and forced by Britain, followed in no time by the US.

Iranianisation: Quantifying the Power?

There are various statistics on the population of the workforce in the Iranian oil industry. In the era of the Anglo-Iranian Oil Company, the Company had a monopoly of access to the statistics of its workforce. However, there have been studies based on the numbers represented by the Company or local authorities reported by British and American labour

attaches and consulates. Despite the availability of numbers scattered through various consular dispatches, the lack of a coherent standardisation of the categories under study necessitates a critical assessment of the figures and employing them at best as estimates.

The following chapter deals with mapping the oil worker vis-à-vis the axes that contributes to his/her class location in the oil production. Apart from nationality, there are various other factors which are at work in the making of the worker subject. As we will see in the following chapter, the hierarchical organisation of the labour force with respect to manual work and supervisory powers, which was registered and regulated with a system of grades, constitutes the main axis of differentiation among the employees of the Iranian oil industry. As we have seen so far, the discussion on the *Iranianisation* of the labour force was based on the unequal distribution of supervisory powers among Iranian and British citizens, as much as it was on the number of Iranian workers. Although the widely quoted Article 16 of the 1933 Agreement involved a gradual increase in the number of the Iranian workforce, actually, the question was beyond the aggregate numbers, and involved the Iranian demand to be represented in the higher echelons of the employee hierarchy. The discussions prior to and after nationalisation provide a rich terrain for understanding this aspect of the oil industry in Iran, and the tug of war on the control of it, in particular, as well as contributing to the critical assessment of the historical sources and to the unpacking of these sources' production process in general. The two consecutive reports on the labour conditions in the Iranian oil industry and the parallel discussion among the Iranian government and the Company provide a good field for this.

However, it would be useful to have a sneak peek at the bigger picture before we dwell on what it really means. Here data from five periods, 1949, 1953, 1955, 1957 and 1959, are used to draw the picture of *Iranianisation* in numbers (See Table 1). The Nationalisation Law is registered in May 1951, the official take-over happened in September

1951, and the actual *Iranianisation* was finalized with the departure of the British and other foreign employees of the Oil Industry in October 1951. Therefore, the data of 1949 presents us with the pre-nationalisation condition of the labour composition. Taking the Anglo-US blockade of Iranian oil into the account, and the halt to oil production, it is surprising to note that the aggregate numbers of the Company's employees did not go through a drastic reduction during the actual nationalisation period (1951-53). The employees, who were in the Company's payrolls, kept their jobs, the contract labourers lost their jobs, and no additional recruitment was done in this period. Therefore, the post-nationalisation, pre-Consortium years of 1951-1954 presented a frozen employment structure. This is the reason for employing the data from 1953 to reconstruct the employment composition of the nationalisation process. The third set of data belongs to 1955, just after the Consortium steps in. Data from comprehensive reports written by British labour attaches in 1957 and 1959 are presented to make before and after nationalisation comparison possible.

The main division among the working population in general was an administrative one, on the axis of the type of the income received, either salary or wage. Salary earners, white collars, were counted as staff (*karmand*) while wage earners, blue collars, were workers (*kargar*). Nevertheless, this axis of differentiation disguised the variety of experiences within each category. For example, the foreign workers prior to the nationalisation were mostly artisans, which included foremen and other supervisory/control grades,¹⁸¹ while most of Iranian staff were working in clerical jobs, which were deprived of any supervisory content.

181 ILO, *Labour Conditions in the Oil Industry in Iran*, Geneva 1950, 15.

Table 1

	Pre-nationalisation (1949)	Nationalisation (1953)	De-nationalisation		
			(1955)	(1957)	(1959)
Foreign staff	3,095	--	90	510	550
Foreign workers	1,163	--	--	--	--
Iranian staff	4,343	6,764	5,101	5,272	5,000
Iranian workers	47,369	48,748	42,707	39,693	39,000
TOTAL	55,770	55,512	47,898	45,475	44,550
Total Staff	7,438	6,764	5,191	5,782	5,550
Percentage of total staff to the workforce	13.3 %	12.2 %	10.8 %	12.7 %	12,5 %
Percentage of Iranian staff to all staff	58.3 %	100 %	98.2 %	91 %	90 %

Calculated on the basis of ILO, BP and FO documents. The nationalisation figures involve the NIOC employees in Kermanshah and Tehran, which explains the increase in the number of staff/workers. These figures show non-casual employment strength. The number of contract workers is estimated to be around 15,000 before nationalisation, and around 4000 in the first years of Consortium.

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182 For 1949 the figures are calculated on the basis of the figures presented in ILO, *Labour Conditions in the Oil Industry in Iran*, Geneva 1950, 9-16 for the beginning of the year 1949. 1953 figures are based on a NIOC hand-out in BP Archive, ArcRef:126373. 1955, 57 and 59 are based on Foreign Office documents of UK. For 1955 Labour Attaché report "Labour Matters in the Persian Oil Industry" FO 371/114871, towards the end of 1955 more foreign staff was expected to join the Consortium. For 1957 Labour Attaché report "Review of 1957 Iranian Oil Exploration and Producing Company and Iranian Oil Refining Company" FO 371/133050 is used; figures involve 238 labour and staff based in Tehran Head office. Of 510 foreign staff, 170 were from US, 251 were British, 74 were Dutch, 12 were French, and 3 were not specified. For 1959, "Memorandum, Enclosure to Tehran Dispatch no 6 of January 1959" FO 371/140857 is used; the figures in the source was already rounded up. The NIOC hand-out presents larger numbers for pre-nationalisation time, most probably as it involves the Kermanshah refinery and Tehran and not only Abadan and the oilfields. In any case, the figures should be taken as estimates and within a ± 5 % range.

For most of the sources that labour statistics were presented, staff included people working in administrative, clerical and some technical posts with high expertise, while workers/labour included unskilled and skilled workers, apprentices, trainees and artisans. The subject of grades will be elaborated in the following chapter, but for the sake of clarity it should be noted that the difference between graded and non-graded staff referred mainly to the former group having the opportunity of promotion, and the latter lacking it. It also brought forth a difference in benefits and income. Non-graded staff involved employees who were in a more precarious situation with respect to their high degree of replaceability, either due to the abundance of the skills required to perform their jobs, or relative ease in attaining the skills required (i.e., basic literacy for paperwork, or physical presence and attention for attendants' jobs). Among grades, the highest grade was G, which was the grade of the administrators, and the lowest was C, which the Iranian post-nationalisation report claims involved the highest percentage of Iranians, who would have an increase of salary due to their years' of service, but would not be assigned to suitable posts. Grades A and B did not exist in the classification. At the workers' side, grades referred to the degree of skill, Grade I referring to the highest skilled worker, and unskilled worker being the lowest in the scale.¹⁸³

A close reading of documents tells us more than these aggregate numbers, and reveals the basis of the Iranian party's dissatisfaction. In the second session of the ILO Petroleum Committee in 1948, the Iranian government invited the Labour Office to send a mission to South Iran to prepare a report on the conditions of the oil industry and make recommendations. The ILO committee visited the refinery in Abadan, the oil fields in Masjed Soleyman and Agha Jari in January 1950, and prepared a report titled *Labour Conditions in the Oil Industry in Iran*. Two years after

183 National Iranian Oil Company, *Some Documents on the Conditions of the Iranian Workers under the Ex-Anglo Iranian Oil Co.* (Geneve: National Iranian Oil Company, 1952), 22.

the publication of this report, and subsequent to the nationalisation of oil, the Iranian government prepared a “counter-report” arguing that the ILO mission failed in its purpose and that the report was partial. The disagreement was though to a large extent not about the aggregate numbers that constitute the pre-nationalisation data in the preceding table, but the unequal distribution of Iranian and foreign workers in the hierarchical order of professional posts. Housing, medical services and the composition of the labour force were the fields in which this argument of inequality was built upon.

The ILO report stated that in 1949,

In Abadan, all the trainees and apprentices, all the unskilled workers and all the skilled workers (except nine out of total 9500) were Iranians. Of the 9700 artisans nine out of 10 were Iranians, while out of 5800 salaried employees the number of Iranians was 3300. In fields the only foreigners in the wage earning categories were among the artisans (184 out of 3465), while the number of Iranian salaried employees was 975 out of a total of 1830.¹⁸⁴

The counter-report titled *Some Documents on the Conditions of the Iranian Workers under the Ex-Anglo Iranian Oil Co.* presents the composition of these 975 Iranian salaried employees. It is argued that 815 of these 975 Iranian salaried employees were non-graded staff, leaving only 160 Iranians in graded positions, only 20 of which are mentioned to be in “responsible jobs”. Thus, 140 of these salaried employees, who had chances of promotion as they were graded, had mostly clerical jobs and were in the higher echelons of job hierarchy only due to extensive years of service (15-20 years), which brought promotion automatically, in an unavoidable way.¹⁸⁵ The following grade-distribution of the staff in Abadan reveals the unequal distribution of posts among Iranians and foreigners. The

184 ILO, *Labour Conditions in the Oil Industry in Iran*, 11.

185 National Iranian Oil Company, *Some Documents on the Conditions of the Iranian Workers under the Ex-Anglo Iranian Oil Co.* (Geneve: National Iranian Oil Company, 1952), 22.

percentage of Iranians in the employment structure decreases from 36 per cent at the lowest (C) grade to 8.6 at the highest (G) grade (See Table 2).

Another source for nationalisation years, points to the presence of a few foreign workers staying after the British left the oil producing south. One Indian first grade worker and eleven Pakistani skilled workers (four foremen and seven first grade workers) stayed in Iran as of July 1954.¹⁸⁶ Their story needs to be explored further.

Table 2

Grade	No. of Iranians	% of Iranians	No. of Foreigners	% of Foreigners
G	18	8.6	192	91.4
F	56	21.5	204	78.5
E	48	11.8	360	88.2
D	136	22.6	465	77.4
C	393	36.4	687	63.6
Total	651		1908	

Source: *Some Documents on the Conditions of the Iranian Workers under the Ex-Anglo Iranian Oil Co.*, IISG Archives, Bro 3235/13, 22.

If the actual composition of the workers in the hierarchy of posts was the main issue of disagreement between the Company and the Iranian party, the other was the criteria of gradual *Iranianisation* or progressive reduction of foreign employees, that is to say whether it means a reduction in the actual number of the foreign employees, or an increase in the percentage of the Iranians employed with respect to the foreigners. Mossadegh, the leader of the National Front during the nationalisation, carried this latter issue of disagreement to the parliament. He criticized the Company's approach to the *Iranianisation* clause of the 1933 Agreement,

¹⁸⁶ Dispatch no 192, Enclosure no 6. 22/07/1954 in *A Guide to confidential U.S. State Department central files, Iran, 1950-1954: Internal affairs, decimal numbers 788, 888, and 988, and foreign affairs, decimal numbers 688 and 611.88*, Harvard University.

the 16th article, arguing that if the Company had taken its implementation seriously, the number of foreigners, which was 2000 at the time of the 1933 Agreement, would be reduced to 500 and not increased to 4200 by 1947, after fifteen years of implementation of the convention.¹⁸⁷

Comparing the recruitment policies in the Middle East Oil Industry, David Finnie argues that the Anglo Iranian Oil Company's degree of *Iranianisation* or "localisation" of the employment composition before nationalisation was much higher than other companies of its kind, such as Bahrain Petroleum Company (Bapco) or Arabian American Oil Company (Aramco) at the time.¹⁸⁸ The experience in Bahrain provides some insight to the artificiality of the category of "the national," in its being a historical construct, which will be discussed while questioning what *Iranianisation* entailed in our case. In Bahrain, the Bahrainis represented more than sixty per cent of the total workforce between 1952-1954. However, "Bahraini" referred not only to "native-born" Bahrainis, but involved many naturalized citizens coming from neighboring, Arab speaking countries. Workers from Muscat, Oman, Kuwait, Saudi Arabia and Yemen could come and work in Bahrain without a visa and get citizenship in due time. While the government was very open to Arabs from other parts of the Persian Gulf coming to Bahrain mostly as unskilled workers, the immigration of Iranians was restricted due to the political disputes between Iran and Bahrain.¹⁸⁹

From Blockade to the Coup:

Years of Actually Existing Nationalisation

Nationalisation brought forth the departure of the British and British controlled non-Iranian labour force at every level. While the lack of

187 Mossadegh, December 17th, 1950. Publication No. 13 of Iran Party, Tehran, 1951, FO 248/1526, 35.

188 David Finnie, "Recruitment and Training of Labour. The Middle East Oil Industry," *Middle East Journal* 12, no. 2 (1958), 132.

189 *Ibid.*, 129-30.

Iranian skilled workers created an anxiety among the Iranian officials, who demanded the non-Iranian skilled workers resume their works, the replacement of the top managerial level of British officials took place in a very short time. Iranian technicians and high-grade staff did not only fill in the posts emptied by the British staff, but a number of them also moved to the houses emptied by the British.

Defining nationalisation as the control power over the Iranian oil industry, the period between 1951-1954 were the actual years of nationalisation, followed by a process of de-nationalisation. Given the short duration of the actual nationalisation experience, hindered by the Anglo-American blockade against the marketing of the Iranian oil, it is not possible to make a fair assessment of the actual impact of nationalisation of the oil industry on the lifeworlds of the oil employees. In other words, the experience of nationalisation has to be contextualized with the dynamics formed by the blockade and the coup.

With the departure of the British staff and the following removal of tankers from Abadan, the storage capacity of the refinery came to its limit in no time, hindering production further, and Iran was not able to sell this oil as the British claimed to own it. The issue was taken to the International Court of Justice by British Government, which argued that the 1933 Concession agreement had “a double character, the character of being at once a concessionary contract between the Iranian Government and the Company and a treaty between the two Governments.” The court rejected this view and stated that United Kingdom Government was not a party to the contract, and that the contract does not regulate in any sense the relations between two Governments. Accordingly, the Court concluded on 22 July 1952 that it did not have any jurisdiction to deal with the case.¹⁹⁰

Iran turned to the countries that she believed had no harmful

190 *Anglo-Iranian Oil Co. case (jurisdiction), Judgment of July 22nd, 1952: I.C.J. Reports 1952, 93.*

political interest, if not a bond of solidarity, to sell her oil. The first oil agreement after nationalisation was signed with Afghanistan on the 13 September 1951, even before the full evacuation of the British from the South. The agreement involved the sale of 30,000 tons of oil that would be transported by rail to Shahrud and then by road tankers to Afghanistan.¹⁹¹

Towards the end of 1952, the British blockade was extended to all tankers carrying Iranian oil, including the oil obtained by barter. In his memoirs, Manucher Farmanfarmaian states the British, advertising in thirty-three newspapers in twenty countries, had announced that the Iranian oil was a stolen property and the tankers that carried it were acting against the law. In addition to it, the governments of Germany, Sweden, Austria, and Switzerland were put under pressure not to let their technicians, lawyers, and accountants hired by the NIOC to leave their countries. Furthermore, the Bank of England froze all Iran's Sterling balances and withheld the overdue payments of the pre-nationalisation royalties, which amounted to forty-nine million pounds.¹⁹²

Nevertheless, there were several cases of bypassing the blockade. For example, the West German Krupp Company offered bartering oil with water pipes in February 1952.¹⁹³ In July 1952, the Italian *Rose Mary*, which would be seized at Aden by the British Royal Navy, loaded 1000 tons of oil from Bandar Mashur in return for sugar.¹⁹⁴ However, the Japanese *Nissyo Maru* loading 18,000 tons of refined oil from Abadan in April 1953 was the biggest act of breaching, which surprised the British with its volume.¹⁹⁵

Torkild Rieber, the chairman of Texas oil in the 1930s and the World Bank's oil consultant visited Iran, together with the Bank's loan

191 LAB 13/518 "The Iranian Newsletter."

192 Manucher Farmanfarmaian, Roxane Farmanfarmaian, *Blood and Oil: Memoirs of a Persian Prince*, 279.

193 BP Archive, ArcRef:9217, "Excerpts from Mustafa Fateh's Diary."

194 Mostafa Elm, *Oil, Power, and Principle: Iran's Oil Nationalization and Its Aftermath*, 267.

195 BP Archive, ArcRef:129284.

officer Hector Prud'homme, to discuss the involvement of the World Bank in Iran's oil production during the blockade.¹⁹⁶ Rieber, who would act as the Iranian government's adviser later in the Consortium negotiations, would state that the Abadan refinery could have produced 21,000 tons of refined oil instead of its 3000 tons of production for internal consumption, if the markets existed.¹⁹⁷

In his report to the United States Chargé d'affaires, Rieber mentioned that he was impressed with the quality of Iranian technicians and that only three hundred and fifty to four hundred foreign technicians would be needed in Abadan, and seventy five to a hundred in the fields, if the Consortium would step in.¹⁹⁸ The notes of the Persia working group of British foreign office confirm his impression of the condition of the Iranian oil industry after nationalisation. The notes mention that everything in the industry was still running on the Company model, and Iranians had been promoted to fill in the vacancies that were left by the departure of the Company staff.¹⁹⁹

In February 1954, a technical mission composed of experts from Compagnie Francaise de Petrole, Royal Dutch-Shell Group, Texas Oil Company, Standard Oil Company (New Jersey), Anglo-Iranian Oil Company, Standard Oil Company of California, Gulf Oil Corporation, and Socony-Vacuum Oil Company visited the oil fields in Khuzestan for six days. They first flew from Baghdad to Abadan, then moved to Masjed Soleyman, Dar-e Khazineh, Naft Safid, Haftkel, Lali, Agha Jari and Ahwaz. They checked the wells, the production plant and process units, main oil lines, power stations, the Abadan-Agha Jari High Tension line, water pumping plant, workshops, telecommunications, and the non-basic

196 Elm, *Oil, Power, and Principle: Iran's Oil Nationalization and Its Aftermath*, 196.

197 Inward saving telegram, from Tehran to Foreign Office, February 23, 1954 in FO 371/110051.

198 Tehran telegram No 136 of February 15, 1954 in FO 371/110051.

199 Robert Belgrave, 23/02/1954 in FO 371/110051.

operations such as transport, stores, icemaking plant, medical facilities, and farming. Except for the situation of the transportation, they found the condition of the industry unexpectedly well-kept. The main issues were the lack of supervisory staff and plant spares.²⁰⁰

The technical missions' reports prior to the setting up of the Consortium, as well as reports by journalists and native informants who had worked with the Company prior to nationalisation and took similar or higher posts after the British left the Abadan refinery and the oil fields, provide rich information on the experience of nationalisation on the oil employees.²⁰¹ Interestingly, the reports of the third parties, such as West German reporters, and the technical mission composed of experts representing the companies that would form the Consortium in 1954, pictured the conditions of the nationalisation era of the Iranian oil industry much better than the native informants, who had positions in the National Iranian Oil Company. While the latter focused on the deteriorating living standards due to lack of important consumption goods in the company stores and mismanagement of the services such as transport and health facilities; the former mentioned that the workers and staff worked regularly and punctually²⁰² and that they were being paid in full without any interruption since the Iranian state's take over in 1951.²⁰³

During the two and a half year long nationalized management of the oil industry, all the Iranian staff and workers were kept on the payroll of the National Iranian Oil Company despite the blockade and the halt on the oil production. In some cases the NIOC would send its workers to the Abadan municipality to repair the city roads and do other

200 "Preliminary note on a visit to the Fields Areas of Khuzestan, Persia, 11th to 17th February, 1954" in FO 371/110051.

201 See letters and telegrams in FO 371/110051.

202 *Schwarzwaldler Bote*, Germany.10/09/1953 in BP Archive, ArcRef:126373

203 "Preliminary Note on Visit to the Fields Areas of Khuzestan, Persia" 11-17 February, 1954 in FO 371/110051

types of municipal work.²⁰⁴ However, the nationalisation years of 1951-1954 had serious consequences on the contract workers, who had always been vulnerable due to precarious working conditions. The previously mentioned ILO report pointed to more than fifteen thousand contract workers in 1950, who would lose their job after the nationalisation of oil. The departure of the British severed the living conditions of the residents of the oil fields and Abadan, who were not on pay rolls of the Company but employed by the Company staff, such as the servants, cooks, and gardeners who composed the domestic workers at the service of staff at higher levels of the employment hierarchy. According to a newspaper article of 1953, their population was around ten thousand.²⁰⁵

While the change for the workers in their standard employment relationship came in the form of the replacement of their supervisors, frozen opportunities of promotion and in some cases changes in the location and the type of the work they used to do; it was mostly the Iranians at the highest echelons of the job hierarchy that enjoyed the benefits of the nationalisation and the evacuation of the British Staff. During the nationalisation years the minimum wage, which was adjusted in 1949, stayed unaltered.²⁰⁶

The Coup and the Start of “De-nationalisation” of Management

The reports of the short lived and interrupted nationalisation era were written after the 1953 coup subsequent to the reestablishment of British diplomatic relations with Iran in December 1953, which contributes to the link between the Coup and denationalisation. The two and a half year long blockade was lifted after the military coup organized by the CIA

204 BP Archive, ArcRef:126373.

205 FO 371/104568, G. K. Reddy, “Iranian Round-up III,” *Times of India*, Delhi. 1953.

206 FO 371/110051.

and MI6 in August 1953, which is seen as a predecessor of the following CIA operated coups in Guatemala in 1954, Indonesia in 1965, and Chile in 1973.²⁰⁷ Apart from other severe effects on social and political life in Iran, such as the destruction of the secular opposition, and the re-institutionalisation of the monarchy in a much more authoritarian fashion, the Coup brought forth the de-nationalisation of the management of oil industry.²⁰⁸ As early as December 1953 talks between the British and Iranian Governments began, and the process of forming a consortium started without delay.²⁰⁹ In February, the pre-consortium technical mission visited the oil fields and Abadan.²¹⁰ After a series of negotiations, BP (forty per cent), Royal Dutch-Shell (fourteen per cent), the French CFP (six per cent), and US oil companies (forty per cent) founded a consortium, and a new concession agreement was signed between the Iranian government and the Consortium. In October 1954 the oil agreement was approved. Ervand Abrahamian demonstrates that the Consortium represented a direct continuity with the pre-nationalisation regime of oil. The AIOC and Shell had already signed an agreement in 1948 to coordinate their activities for twenty years. Therefore, with BP (renamed after the nationalisation of oil) owning forty percent of the shares of the Consortium and Shell fourteen, it was in fact again the British that had hold of the controlling shares in the Consortium, and the Iranian government was content with the “window dressing.”²¹¹

As is demonstrated in Table 1, the signing of the Consortium agreement brought back foreign employees to the Iranian oil industry. While

207 Abrahamian, *The Coup: 1953, the CIA, and the Roots of Modern U. S.- Iranian Relations*, 205.

208 Abrahamian coins the term “denationalisation” to explain the post-coup oil regime. Abrahamian, *The Coup: 1953, the CIA, and the Roots of Modern U. S.- Iranian Relations*, 206.

209 FO 371/110059.

210 FO 371/110051.

211 Abrahamian, *The Coup: 1953, the CIA, and the Roots of Modern U. S.- Iranian Relations*, 209-210.

the numbers of the foreign employees never rose to pre-nationalisation levels, the underrepresentation of Iranians at managerial level continued to be the rule. In fact, in the first four years after the establishment of the Consortium, the number of Iranians in senior posts diminished gradually. By 1958, of thirty-six senior posts, only six were filled by Iranians in the Iranian Oil Refining Company based in Abadan. The situation in the fields was worse. While in 1955 Iranians filled seven of the top fifteen posts, it had come down to two by 1958, and these two Iranian senior employees were not even occupying any of the administrative posts in the fields.²¹² In the fields' headquarter at Masjed Soleyman no Iranian had a senior post, and in the Tehran head office forty percent of staff were non-Iranian, and non-Iranians held all top posts.²¹³

The dissatisfaction of Iranians in the higher echelons of the job hierarchy in the companies of the Consortium was represented by the resignations of some Iranian staff to work in other newly flourishing industries of Iran. In 1956/57 twenty-four Iranians resigned from their staff position and in 1957/58 the resignations mounted to forty-four.²¹⁴ Iranian staff's resentment was not only due to lack of opportunities for higher status, but also the disparity between the salaries paid to the non-Iranian staff and Iranians sharing the same grade in the organisation. The Iranian staff earned approximately one third or less than a non-Iranian staff member working at the same level.²¹⁵ From the Company's perspective, this disparity was unavoidable, as they argued that the Iranian government limited the salaries that could be paid to Iranian nationals.²¹⁶ However, having less Iranians in supervisory posts, when all things are

212 "Report on visit to Khuzestan," 17-21 December 1958 in FO 371/140892.

213 FO 371/140857.

214 Memorandum, "Enclosure to Tehran Dispatch no.6 of January 15, 1959" in FO 371/140857.

215 "Oil Consortium Problems" in FO 371/140857.

216 David West, summarizing Fearnley's report in "Performance and Policy of Oil Consortium" in FO 371/140857.

equal, was a management strategy, as it was believed that non-Iranian, overseas staff would not work under Iranians unless the non-Iranians were clearly superior.²¹⁷

A Shell advertisement published in 1955 had caused some dispute among Iranian and foreign staff (See Picture 6). E. Thorneloe of the Consortium's first board of directors reported to the headquarters of BP in London that expatriate staff found the conditions in Iran unfavourable and the thus the last line of the advertisement, "people matter to Shell" was treated as a joke. Iranian staff had their objections to the advertisement as well. Following the transfer of the medical department, the third paragraph on welfare measures taken on by the Company was seen as particularly ironic. "*There is NOT a pearl in every shell*" is how one Iranian employee was quoted as reacting. Thorneloe argues that the advertisement "*can only be classed as unfortunate and should be kept well away from the Middle East.*"²¹⁸

217 Stated by Consortium's chairman Scholtens in "Oil Consortium Problems" in FO 371/140857.

218 BP Archive, ArcRef:93086.

Picture 6

THE PETROLEUM TIMES April 1, 1955

Oil means people

The Shell companies, in their operations across the world, pay the wages of about 250,000 people. Good wages for good work. People who make their careers with Shell seldom look over their shoulders for better prospects or better treatment in other jobs.

The Shell family is of all races, creeds and colours. Of the 250,000 on the payrolls, more than 240,000 are nationals of the countries in which they work. Oil pioneering has often done much to improve and steady the economy of a country by providing revenue for its treasury, and employment, wages and buying power for its workers.

Finding, producing or refining oil in a hitherto uninhabited region can involve the creation of whole new communities with schools, churches, hospitals, health services, roads . . . and a real sense of civic pride. These social services may add greatly to operating costs, but that is welfare.

For every man or woman who works with Shell, another 1,000 depend on Shell to make the wheels of their world go round. The products of Shell Research equip your garage (oil and petrol), your garden (insecticides and weed killers), your kitchen (detergents and kerosine) and your dressing-table (cosmetics and medicines).

Shell employ people by the tens of thousands. They serve people by the hundred millions.

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The British Consul at Khorramshahr, J. S. Bennett described the situation after four years since the Consortium stepped in as such:

The consortium has managed to remain singularly aloof from the people of Iran. [...] Consequently there is no body of persons anywhere in the country with a reason to sing the praises of the Consortium. Here in the South I get the impression that, whilst relations between the Consortium and His Imperial Majesty are apparently close, the only other group of people who are satisfied are the Prime Minister, Mr. Entezam, and the Minister of Finance. Indeed, throughout my travels in this consular district I have found no sympathy or loyalty among the Iranian people for the industry.²¹⁹

The de-nationalisation activated by the Consortium not only involved the employees in its payroll but also the employment created by the oil industry, in the oil producing South in particular and Iran in general. The Consulate report reveals that after four years of operation, the Consortium did not buy any food products grown and canned in Iran. For instance, chickens would be bought from Denmark and Australia; canned fruits, vegetables and fish would be carried from overseas. Most of the commodities necessary for the operation of the Consortium such as paints, stationary, and household furniture were ordered via London, and no contact was developed with the local importers. Bennett would state that this was not the practice of the oil companies in Iraq, Bahrain and Kuwait. If the other oil companies in the Persian Gulf did not employ more local people in the higher levels of their organisations as was stated by the Chairman of the Consortium, their integration with the local merchant community was better than Consortium's.²²⁰

219 British Consulate Khorramshahr, 9/12/1958 in FO 371/140857.

220 Ibid.

Who is the Iranian of Iranianisation?

An article written by a Palestinian employee of the Company and published in 1951 in *The Jerusalem Post* would point to another important division among the employees. The figures in the article pertain to pre-nationalisation era, however, the system of classification it points to persists nationalisation and de-nationalisation periods. The article states that the Company divided its employees into three categories: the senior staff composed of “3500 British, some Europeans and very little Iranians; junior staff, composed of 6000 Indians, Iranians, Armenian-Iranians, and 60-70.000 workers living in very bad situations.”²²¹

This brings us to the intersection of two axes of discussion in historiography. One of them is the continuity/rupture debate that was explored through reviewing the concerns of the Iranian, British and other international actors in renegotiating the contracts, and the impact of those new oil regimes in workers’ lives, which will be pursued in the following chapters. The other is the discussion on the history of nationalism or History as the history of the nation, as History being the story of the nation state building. In our case, nation-state building can be replaced with nation-industry building, without losing the essence of the argument. For many historians, nationalisation of the oil industry should be studied with respect to the economic and political gains and losses it engendered, and not scrutinized for what it actually entailed. What happens when an industry is nationalized? Who is called upon in the Iranianisation debates? Or who is the Iranian that is “imagined” to replace the “foreigner”?²²²

The origins of nations and nationalism has been a popular subject of study for thinkers since the 18th century. The main debate revolves around exploring the motivations of people forming a nation to be part of

221 Abrahamian, *The Coup: 1953, the CIA, and the Roots of Modern U. S.- Iranian Relations*, 70.

222 See Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism* (London: Verso, 2006).

that unity. In other words, whether being part of a nation comes naturally or as a part of political, social, and economic process. Primordialists argue that nations existed, in various forms, from time immemorial and are based on kinship/ethnicity ties, and that nationalism is the political expression of this identification. For modernists, though, nations are a form of social organisation that came into being/was constructed in the context of modern industrial societies, and are functional to the way the contemporary political and economic system operates.²²³ Social anthropologist Ernest Gellner, a prominent voice in this debate, had a clear stance: “Culture and social organisation are universal and perennial. States and nationalisms are not.”²²⁴

Debates on nationalisation assume a unity that shares a common interest and common will. This unity is seen as closed, static and perennial. However, historical examples prove the contrary.²²⁵ The conceptual borders of the nation and what consists of being a part of the nation are negotiated processes. These processes are enacted not only through words and open contracts, such as citizenship oaths and declarations, but also through involvement in practices that weave “nationhood.” In as much as these traditions are “invented,” through repetition and ritualisation, their ingredients are, to a large extent, not.²²⁶ Eric Hobsbawm argued that invented traditions have three overlapping qualities. They establish social cohesion and membership to groups; they legitimize institutions, status or relations of authority; and they serve to inculcate beliefs, and value systems.²²⁷ As we have seen so far, and we will elaborate on in the following chapters,

223 Ernest Gellner, “Do Nations have navels?” in *Nationalism* (London: Phoenix, 1998).

224 *Ibid.*, 5.

225 See “Official Nationalism and Imperialism,” in Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism*.

226 See Eric Hobsbawm, “Introduction: Inventing Traditions,” in *The Invention of Tradition*, ed. Eric Hobsbawm and Terence Ranger (Cambridge: Cambridge University Press, 1997).

227 *Ibid.*, 9.

we cannot assume a unity that shares a common interest and common will among the people related with the oil production. Sharing the same citizenship status does not unite an Arab unskilled worker and a Persian speaking manager grown up in Tehran and educated in Britain. The unity that is taken for granted is *imagined* and is made into being at the expense of other possible unities, be it belonging to a language group, or a class. To argue that the nation that the nationalisation of oil took for granted was imagined or constructed does not mean that no shared culture, or attributes existed. It does not make a claim that it was constructed from scratch, either. It is argued that the nation that was the subject of nationalisation was constructed within the dynamics of the social, economic and political system of its times.

Benedict Anderson defines the nation as an *imagined* political community, which is seen to be limited and sovereign. He explains it as such: “It is *imagined* because the members of even the smallest nation will never know most of their fellow-members, meet them, or even hear of them, yet in the minds of each lives the image of their communion.”²²⁸ According to Anderson, “regardless of the actual inequality and exploitation that may prevail in each, the nation is always conceived as a deep horizontal comradeship. Ultimately it is this fraternity that makes it possible, over the past two centuries, for so many millions of people, not so much to kill, as willingly to die for such limited imaginings.”²²⁹

So how is it possible to assume this horizontal fraternity while experiencing the concrete material inequalities? Anderson gives central role to the development of print capitalism, and circulation of novels and newspapers in particular vernaculars, which gave rise to “languages-of-power” closer to printed languages.²³⁰ Gellner, emphasized the educational

228 Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism*, 6.

229 *Ibid.*, 7.

230 *Ibid.*, 45.

institutes developed catering to the needs of the industrial capitalism.²³¹ Studying power struggles and the alternative claims that have been sidestepped in the formation of nation states, brings us to the modernist approach to the history of nation formation, which argues that nations are the product of their conditions, and nationalism is not the political expression of unity but the ideology that secures its reproduction.

For Althusser, this reproduction of the system was secured by exercise of state power, via both the repressive state apparatus and the ideological state apparatuses (i.e., education and family); which predominantly function not by force but by ideology, the ideology of the ruling class. His placement of central agency with the state in the reproduction of the system has been rightly criticized. Göran Therborn, engaging with Althusser's essay on ideology and taking a step further, argued, "ideological interpellations are made all the time, everywhere and by everybody."²³² According to Therborn, the state embodies the crystallized form of social relations of power, but is not the sole determinant of the ideological struggle. Althusser explained ideology's functioning with interpellating or hailing. He wrote, "All ideology hails or interpellates concrete individuals as concrete subjects." In other words, ideology "recruits" its own subjects by the very act of hailing to them. By making them an agent (turning when you are hailed to) in becoming the subject of the *imagined* community. Therborn explains the process further by giving more agency to the hailed subject, who, he claims, is hailed by many other ideologies at the same or other times. The process of interpellation is not one sided but is one of subjection, qualification, and recognition (among subjects).²³³ There comes the question in the beginning of this section: Who is called upon as "hey you!" in the Iranianisation debates? Who is the

231 Ernest Gellner, "Do Nations have navels?" in *Nationalism*, 97.

232 Göran Therborn, *The Ideology of Power and the Power of Ideology* (London: Verso, 1980), 84.

233 *Ibid.*,16-17.

interpellated subject of nationalisation?²³⁴

The subject of *Iranianisation* in contracts between the Iranian state and the oil company was coded as “the subject of His Majesty the Shah” in 1901 and “citizens of Iran” in the 1933 Agreement. However, the actual subject of the *Iranianisation* debates did not include each and every Iranian citizen in the same way. The reports from 1952, just after Nationalisation, point to the uneasiness of the local working population with respect to the new managers coming from the elite-network of Tehran. A consular report penned by Javad Moein after a one-week long trip in Khuzestan states that the departure of the British had created a sense of “immediate relaxation” for the majority of the Company employees as there “had always been a sort of tension and superiority air about the British staff.”²³⁵ The relieved group was composed mostly of the staff who filled in the higher positions previously held by the British. However, a number of them were feeling discontented with respect to the new senior post employees sent from various government departments in Tehran. These “outsiders” would actually be called “*nurichashmi*” by the regular Company staff meaning “the light of the eye” referring to their being sons of the privileged ruling class in Tehran, and thus being imposed above the experienced company staff. It was mentioned in the report that there were about sixty *nurichashmis* in Abadan and twenty-five in Masjed Soleyman. The same report relates the dissatisfaction of the workers, in a surprised manner, with these words: “Salaries were expected to be doubled and trebled, in fact some of the workers believed that they will be allowed to run the whole establishment for themselves!”²³⁶ The rapid promotion of the people who already had high positions in the Company during the time of the British, the top-down decisions of transferring people from the capital city, and the lack

234 Louis Althusser, *Lenin and Philosophy and Other Essays* (London: NLB, 1977), 141-42, 162-63.

235 Javad Moein, “A Report on a Week’s Journey to Khuzestan,” in BP Archive, ArcRef:126373.

236 BP Archive, ArcRef:126373.

of immediate benefits such as new employment opportunities and rise in salaries brought forth some dissatisfaction with the “new regime” of management on the side of the people who did not get their share in the Nationalisation process.

The Iranian senior staff, who were promoted to the posts of the British managers, moved to the houses that were emptied by them. For example, the former dean of the Abadan Technical Institute, Reza Fallah, became the General Refineries Manager and moved to the house that was occupied by the former General Refineries Manager K.B. Ross.²³⁷ As we will see in the Chapter 4, on the non-basic services of the Company, housing arrangements were far from being non-basic, and were symbolic as the embodiment of differential treatment. Ironically, the report on the visit of the pre-consortium technical mission, penned by P.T. Cox of the AIOC, termed the NIOC senior staff getting in charge of the industry as “housekeeping.” The report argued they “might be willing to have foreign assistance in running the business, but they would not be willing to give up their jobs, their salaries and particularly their houses.”²³⁸ This corresponds to Rieber’s opinion, who was reported to state that “the fullest use should be made of existing Persians alongside foreign technicians and that it would be politically most undesirable to turn them out of the houses they now occupy.”²³⁹

A number of senior Iranian AIOC employees continued their careers with rupture. Following a short break in their service time, some of them were offered the same or similar posts after nationalisation. For example, Khalilollah Kazerooni, the Personnel Manager of the AIOC, would be offered the same post after nationalisation. As seen in the reports

237 Letter from D.A. Logan, the Political agency Kuwait, 9/2/1954 to C. T. Gandy, Eastern Office, Foreign department, London in FO 371/110051.

238 Robert Belgrave, Foreign Office, London. 23/2/1954 in FO 371/110051.

239 Mr. Wright, Tehran telegram No.136 to Foreign Office, 15/2/1954 in FO 371/110051.

of the foreign office, Kazerooni was among the informants of the British, writing reports about Abadan before the British reentered the Iranian oil industry. Faridani, the Chief Mechanical Engineer of the Company, would also be re-hired by the National Iranian Oil Company as Technical Advisor in charge of Supply after his rest in Birmingham.²⁴⁰

Given the state of the industrial and educational development of the country in the early 1950s, it is not surprising to see that the vacuum created by the departure of the British in the senior posts was filled by their former colleagues and the people who shared more or less the same class and status level with them. The people who filled those posts had often been educated in Britain by means of company scholarships, and frequented the same clubs with the British in the highly classified living and leisure milieu of the Company before the nationalisation.

However, not all segments of the Iranian population benefited from the regime change in the oil industry in the same manner. The main example of this was the Arab workers of the industry, who were mostly employed as unskilled and contract workers. Being one of the biggest ethnic groups of the local population of the oil fields and Abadan, their conditions were among the hardest before and after Nationalisation.²⁴¹ The US report on the political and economic conditions of the Arab minority in Iran, dated 1963, twelve years after the nationalisation of oil, points that almost forty percent of the labourers working at the Abadan refinery were Arabs, while just a few Arab staff were present on the Company payroll. The ones who could make it up to those lower staff positions, did so via the outcome of the automatic promotion mechanism of the grading system, oriented to years of service. It is claimed that the British

240 John Fearnley to Christopher Gandy, 3/2/1954 in FO 371/110051.

241 Precise information on the population of different ethnicities is hard to find in archives of nation states where these populations live. The report held in NARA, penned by US consular staff, based its information on the intelligence service reports, field research and census information. See Central foreign policy file 1963 Political and Defense Box 3941 E1613A, NARA.

had difficulties in recruiting a non-local population to work in Khuzestan before the war, and thus they had to employ Arabs who climbed up to lower staff positions in the refinery in the 1960s. However, the highest position achieved by any of the Arab staff was of the “fourth level.” By 1963, there was only one Arab student among 170 full time engineering students at Abadan Institute of Technology, which was formed to act as the main pillar of the *Iranianisation* process of the oil industry. It is argued that Iranianisation of the oil industry initially froze, and then eventually decreased the number of the Arabs working in the industry.²⁴²

The situation seems to be even less favorable for religious minorities. The report on the Arab population mentions that the systematic handicaps put in the road of the non-Moslem Armenian minority were more severe than the discrimination the Arab population faced. The previously mentioned report penned by Javad Moein in 1952, involving the complaint on the employment of favorable sons from Tehran, also states that “Armenians are afraid that they might be reduced or even dismissed by Persians” after Nationalisation.²⁴³ Moreover, Brouwer, the first chairman of the Company in the Consortium period, recounts in a BP report that during the start of the Consortium in October 1954, the Finance Minister Amini had warned him against favorable treatment to religious minorities, particularly Armenians and Assyrians in the new company’s recruitment policy. Upon being told that what matters for the Company is the merit of the employees, Amini is claimed to have stated that “being a religious minority in this context showed lack of merit.”²⁴⁴

Elsewhere Amini is quoted to say:

“An Iranian, irrespective of his religion and opinions, should do his best for the pride and support of his home country. Differences in religion, racial origin or language should not

242 Ibid.

243 BP Archive, ArcRef:126373.

244 BP Archive, ArcRef:4406.

affect the unity of purpose of the Iranians. An Iranian maybe a Moslem, Christian, Zoroastrian or a Jew. But one who, on the pretext of religion and for the purpose of self-seeking or attracting the attention of foreigners, tries to put himself above others and looks down upon his fellowmen is not an Iranian. Such a person should not be allowed to benefit from our country's advantages."²⁴⁵

Iran is not the only country the control of the natural resources of which had been a matter beyond its borders. The change in the dynamics of the power structure regulating the industry under question brings forth new possibilities for a segment of a population while putting others into precarious situations. The legal change in the regime of regulation is not imposed on a *tabula rasa* but comes into being in a society with its own history of power struggle. Michael Burawoy, in his *The Colour of Class on the Copper Mines: From African Advancement to Zambianisation* points to this "ambiguous role" of nationalism. He states that "on the one hand it is a means of mobilizing the population in a concerted effort to pursue a publicly acceptable goal such as raising the standard of living, while on the other hand it may also serve consolidate the *status quo* and unite society for the benefit of a particular class." Moreover, he argues that nationalism and localisation "do not, *per se*, alter the class structure of the society; rather, they tend to obscure it."²⁴⁶

What we see in the case of nationalisation of the Iranian oil industry is a good example to Burawoy's argument. In terms of empowerment in the everyday life of the workers, it had a varied impact on different segments of the working population. The workers at the lowest welfare levels did not get a significant change in their life with the *Iranianisation* of the Industry, with the exception being the automatic promotion of employees with respect to their service years. However, the contract

245 BP Archive, ArcRef:93086.

246 Michael Burawoy, *The Colour of Class on the Copper Mines: From African Advancement to Zambianisation* (Lusaka: University of Zambia, 1972), 116-17.

workers who were out of this promotion scheme mostly lost their jobs after Nationalisation. Some high level employees kept their posts and got access to better housing and facilities, while very few occupied the posts left by the British. The economic and occupational axes of differentiation among the employees of the Company had always been entangled with the ethnic and religious identities of the workers. *Iranianisation* as a process, and nationalisation of the oil industry as an event happened in this already entangled social fabric of the oil producing community. The people in the most vulnerable subject positions, such as ethnic and religious minorities and contract workers, and the subset of these two groups experienced it much differently than the people who already were in their mid or high steps of career ladders and were perceived as “insiders” to the dominant ethnic or religious group. In other words, what can be narrated as a climax of the empowerment of the Iranian people as a nation can as well be a story of additional sources of insecurity for some, or just a change in the nationality of their managers for others.

Concluding Remarks

A social history of the nationalisation of oil in Iran necessitates the unpacking of the myth around the nationalisation process and contextualizing it historically and socially. The nationalisation of oil was not an event that happened in 1951 but a process that was made up through various levels of discussions, negotiations, challenges and dialogues. The actors contributing to this process were not limited by the national borders. The Indian striking workers in the Iranian oil industry of the late 1920s, the foreign advisors of the Iranian government after the First World War, and the experiences in Mexico, Venezuela and the Persian Gulf countries were active in the process of the nationalisation, as were the intellectuals and politicians of the National Front, the public opinion that was following the debates, political militants struggling in the name of a variety of political projects ranging from Communism to the rule of Islam, and the workers of

the industry, who were struggling for better working and living conditions.

Iranian oil had always been the property of the Iranian government that had leased the rights of its exploration, exploitation, production and marketing. It is argued that it was the control over the oil industry that defined the scope of the nationalisation discourse. Reviewing the changes that the legal regime of the oil went through demonstrates the continuity in the debates that shaped those changes. Political control through *Iranianisation* of the labour force at all levels, and economic advancement through having access to a fair share of oil income were the two main concerns that formed the opposition to the British ruled oil regime and shaped the nationalisation process. The 1951 Nationalisation act was not the first time that this legal regime was challenged. Nationalisation was followed up by a military coup that re-instituted the foreign powers into the control mechanism of oil production and marketing, and thus the de-nationalisation was initiated.

The nationalist discourse has obscured the inequalities and discriminatory practices within the labouring population, which was far from being homogenous and forming a unity with common interest and common will before and after the nationalisation. Therefore, following the thread of *Iranianisation* does not only expose an axis of continuity in the labour history of Iranian oil, questioning the establishment of the nationalisation of the oil as a rupture; it also questions the inclusivity of the discourse of nationalism and the issue of empowerment of the people that it is assumed to convey.

