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Behravesh, Maysam

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The Politics of Oil and Coup D’état before the Fall of Reza Shah

Iran and Britain: The Politics of Oil and Coup D’état before the Fall of Reza Shah

By Maysam Behravesh on November 9, 2010

This article is the first of a two part series. The second part, Iran and Britain: The Politics of Oil and Coup D’état after the Fall of Reza Shah, can be found here.

With the outbreak of the Great War in 1914 between Central and Entente Powers, Britain faced new challenges concerning its foreign alliances, homeland security and wide interests overseas. Some of the British politicians had made it clear in a letter to Asquith, the then British Prime Minister, that ‘any hesitation in now supporting France and Russia would be fatal to the honour and to the future security of the United Kingdom’. [1]

The discovery of oil in early 1900s and the ensuing establishment of Anglo-Persian Oil Company in 1909, added to the strategic significance of Iran in the eye of Britain. The British strategy in the Middle East was to a great extent influenced by its sustained effort to prevent any adversarial penetration into the Persian Gulf first to defend its ‘position athwart the principal lines of communication and supply between Britain and British India’ and then protect the newly discovered Persian oil, that was used to power the Royal Navy and further its war campaign, from falling into alien hands. [2] According to Lord Curzon, ‘I should regard the concession of a port upon the Persian Gulf to Russia, by any power, as a deliberate insult to Great Britain and as a wanton rupture of the status quo, and as an international provocation to war’. [3]

By that time, Britain had lost all its popularity with the Iranian public opinion as well as any status of decency in some decision-making circles belonging to the high corridors of power. ‘Some of the emergent Iranian policy makers’, argues Ramazani, ‘were so intense in their hatred of Great Britain and Russia that they could only adopt a policy of neutrality as a façade behind which flirtation and even secret agreement with Germany might take place’. [4]

The Bolshevik Revolution of 1917 which had drawn Russia’s attention to the turmoil within its borders coupled with the dissolution of Ottoman Empire presented Britain with an unprecedented opportunity to project maximum power in the region without having to worry about rival reactions, and assume full control over Iran and its precious oil fields. Along this line, it concluded the Anglo-Persian Agreement with the pro-British government of Hassan Vosouq al-Dawleh in 1919. From the British standpoint, another chief purpose of the treaty was to enhance Iran’s security and defence capabilities and empower it into a more reliable buffer state between India and European powers. [5] The Iranian government which had long become dependent upon the financial and political assistance of the British viewed the agreement as a convenient means that could help it crush widespread dissent and restore the lost status-quo order at home. Hailed as a ‘diplomatic masterpiece and a great triumph’ by Lord Curzon, the arrangement required Britain to supervise Iranian military, administration and economy by providing the government with military advisers and administrative experts and renovating its economic infrastructure. The sole formidable obstacle in the path of the treaty implementation was the constitutional requirement for its approval by the National Assembly, which finally rejected it on nationalist grounds; a measure that saved the country from turning into ‘a virtual British protectorate’. [6]

In fact, there are differing views of the Vosouq government’s close relationship with Britain and its embrace of British engagement in Iran’s domestic politics. Gheissari and Nasr, for example, argue, in contrast to the majority of Iranian observers who consider Vosouq as a British puppet, that he ‘was not a mouthpiece for British interests’ and entertained a certain sense of nationalism whereby Iran’s national interests then would be secured better by lying in line with foreign, in this case British, interests. This encouraged him to hope that the Anglo-Iranian Agreement of 1919 ‘would lead to large-scale British infrastructure and economic interests in Iran’. This was also a type of nationalist reasoning that, as Gheissari and Nasr indicate, underpinned the later Mohammad Reza Shah’s pro-Western policies. [7] It should also be added that the agreement was opposed by other foreign powers, particularly France and the US, as they saw it a near monopoly which could deprive them of any share of the new-found oil wealth in the country.

Since the discovery of oil in 1908 by D’Arcy’s oil exploration company, and especially after the end of World
Abdul-Reza H. Mahdavi, an historian of Iranian foreign policy, argues, however, that the main rationale behind British acquisitiveness to the Shah’s demands was their assurance that a powerful anti-Communist government in Iran could better safeguard their politico-strategic interests in the long-term and that a conciliatory behavior might help bolster their reputation with the emergent intellectual elite and discontented public opinion. The 1933 oil agreement between Reza Shah and the British government was in fact an extension, however modified, of the D’Arcy concession for another 60 years, that is, until 1993. Mahdavi suggests three hypotheses why the Shah made such a compromise: (1) The British intimidation of Reza Shah that they would manage to depose him as they had brought him to power, (2) Threatening to separate Khuzestan from Iran and take it under their own control by proxy, and (3) Bribing the Shah into satisfying their demands and agreeing to the deal. All bilateral concurrence notwithstanding, the oil dispute as well as Reza Shah’s ‘third power policy’ – that aimed first and foremost to counterbalance growing British and Soviet influence in the country – served to sour Iranian-British relations under him with the consequent strained atmosphere continuing until the end of his reign in 1941 when Iran was occupied by Britain and Russia in the thick of World War Two.

Maysam Behravesh is a final-year MA student of British Studies in the Faculty of World Studies (FWS), Tehran University. He can be contacted via email at maysam.behravesh@gmail.com.

Notes:


[2]. William T. Fain, American Ascendance and British Retreat in the Persian Gulf Region (Houndmills and New York: Palgrave, 2008), pp. 2–3; Robert Johnson, British Imperialism (Houndmills and New York:


[17]. Ibid., pp. 36-37.

Tags: *Britain, Iran, persian gulf, Shah*