CHAPTER IV:

MOSSADEQ’S PREMIERSHIP

Mossadeq’s first Administration (28 April – 16 July 1952)

On 27 April, in the Majles private meeting before posing and adopting the report of the Oil Committee, Jamal Emami, the speaker, suggested Mossadeq the Prime Ministry. The National Front leader accepted the suggestion, so long as, the Majles wanted his reign officially. Meanwhile, Seyyed Zia had been talking to the Shah for his Prime Minister ship and was waiting for the Majlis confidence vote. ¹ Mossadeq had refused the Prime Minister portfolio a few times before, so, it was not expected to accept it in such a critical condition. Hence, Jamal Emami and other court protégés and British embassy anticipated rejection by Mossadeq. They had been probably thinking if Mossadeq undertook Prime Ministry, he would be able to execute the nine articles law which was his initiative and ousting Anglo-Persian Oil Company (APOC). Also, with boosting Oil crisis he would be breakable and frustrated and would leave political stage forever. Mossadeq explained quality of Ala’s resignation then Prime Minister, and confidence vote of Majles to him as follows:

“On Saturday 27 April was not the Majles session. I was summoned to the Majles.... I got surprised of news about Ala’s resignation, because the day before Ala had come my home and was going to talk about a case, he didn’t say anything on his resignation….I asked deputies the
reason, one of friends said that Majesty, his means was Britain and conceived that Ala and those like him cannot do anything so they wanted Seyyed Zia who was now before the Shah and was waiting for Majles confidence vote to enter the issue. The Majles session was held and took to consult. Most of deputies thought if Seyyed Zia took over power he would revive the coup of 1921 and arrest many political figures again. So, they were afraid of introducing any person for this post, also, the statues quo did not let them to choose a candidate of alien policy. Jamal Emami had come to my home a few days before assassination of Razm Ara. He invited me for this post by the Shah. Nobody was thinking of my acceptance. But, I agreed instantly and these caused deputies welcomed and acclaimed me.” He added, “My acceptance was for this reason that deputies plan related to the nationalization of oil industry does not go to waste and be adopt. If Mr. Seyyed Zia seized power, there would be no Majles and I could not continue this issue. Moreover, they would arrest me along with others and banished us....My opinion over the circumstances was just accepting the post. I appealed Dr. Moazami, the deputy speaker, not to summon me to the court before affirming the Oil Nationalization Act (including 9 articles) regarding to the single article of oil nationalization, so it was done.....” ²

On Saturday 27 April, the Majles approved the Oil Nationalization Act unanimously. In spite of the Shah and the court endeavors, the Senate confirmed it, too. Subsequently, the Shah signed it reluctantly. Shepherd, ambassador of Britain, opposed the Oil Nationalization Act in a press conference, in the same day afternoon. Next day, AIOC asked for talking with the Prime Minister who was not at the time. In first of May 1951, Shepherd resorted to Grady, ambassador of America, that not let to the Shah sign the plan and added in this case, oil countries like Saudi Arabia encouraged to follow
Iran, so, global oil market would be turbulent. But, Grady replied he had not received any order from the top. 3

In the first of May, Mossadeq introduced his Cabinet to the Majles. Government program was including of two parts as follows:

1. Execution of the Nationalization Oil Industry based on nationalizing oil article adopted on 29 April and allocation its revenue to reinforce country economy and establishing general welfare.
2. Modifying election law of the Majles and municipal.

In his first cabinet, Mossadeq entered some esteemed persons regarding to political statues quo. He appointed loyal persons to the Shah for ministries of War and Interior. He believed to choose his ministers among young and good reputation individuals. This decision led to resent some of the National Front leaders who had joint the National Front for spoils and eventually they separated Mossadeq and joint his enemy. His foreign policy relied on covenant of the League of Nations and reinforcing it and mutual respectful relations with other countries. 4 Mossadeq was presenting himself as the “nation servant” and said among deputies: “When I am nation servant, I am also your servant because you are from this people, so, I won’t do anything despite your opinion or ignore your orders”. 5 After his statements, government program acquired confidence vote with 99 ayes from 102 votes. Mossadeq believed to freedom of speech and freedom of the press as the basis of democracy. Believing to these bases, he wrote a letter to the police headquarters on 1 May, 1951: “To Police Headquarters! Whatever is written about me or whoever is writing about me in the press, shouldn’t be offend and object…” 6

Election of the mixed committee members (subject of the Article 1) delayed in the both Majles. It led to fiery speech of Mossadeq against internal and external thwarts on implementing the Oil Nationalization and his exposing
of a conspiracy on his life. Moreover, he stated that his life was in danger by the Fadaian Islam (Islam Devotees) so; he was going to stay in Majles till the end of the oil issue. This case was unpleasant for Mossadeq who wanted to defy the Britain Empire and to dispossess the former Oil Company, so his mission went under question. On 11 May, both the Majles elected delegations for the mixed committee in order to oust the ex-company, eventually. In next day, an instruction was announced by PM to Ministries, governmental institutions and banks that here after instead of writing title of “Anglo-Iran Oil Company” it should be written “former Anglo-Iran Oil Company”. Mossadeq’s staying in the Majles prolonged no more than some days and returned home on 29 May and continued administration of the country affairs till end of his tenure from his home. But he was slammed and blamed by the press and political groups for his sanctuary in the Majles. Reza Ashtiani threatened the government to interpellate and cited.”… When the head of government who is responsible for public security takes refuge for his life fear to the Majles, I don’t know people what should do?.....If the council of Ministers cannot preserve security, Mr. Interior Minister, the head of police and the head of gendarmerie resign and go away, if they reply late, I will interpellate them…”.

On 10 June, 1951, the provisional board of directors of Iran National Oil Company (INOC) obliged to execute the Nationalization of Oil Industry. They settled in the former company office. The above committee issued a declaration on recognizing all Iranian and foreign expertise and staffs of the ex-company as new employees of Iran National Oil Company (INOC) and they could continue their jobs. Two days later, the provisional board of directors of INOC informed oil clients through a declaration that they could receive their oil products requires within one month if they would sign the receipt by the name of Iran National Oil Company. They could pay through referring to the provisional board of directors based on international rate. But, the ex-company did not accept and proposed captains of ships had to give receipt with emphasizing on
legal rights of AIOC. At last, Oil tankers left Abadan Port without receiving oil because of differences between the Provisional board of directors (INOC) and former company (AIOC). ⁸

**Jackson Mission**

Ensuing to intermediation attempts of America between Iran and Britain, Truman sent a message separately to the British PM, Attlee and Mossadeq asked for a diplomatic resolution over the oil crisis. Also, he warned Attlee to be cautious on Iran’s dangerous and blast circumstances and advised to find a contentment resolution. The British government was regarding to send a top official authority at the head of a mission to Tehran, but Mossadeq rejected and replied that they had problem with the ex-company, so, they could accept just delegates of the ex-company not delegates of government. ⁹ Britain reasoned that the Majesty government of the U.K. could intervene to defend numerous British wealth in Iran and it was our right. More important most of the company shares belonged to the government. But, British insistence had no result. Inevitably, they sent a mission at the head of Basil Jackson who was a member of board director of the former AIOC and along with Gess and others. They arrived on 9 June, 1951 in Iran. The first negotiation prolonged one and half hour, Iran’s delegates proposed the ex-company had to vest Iran 75% of pure oil revenue and the rest (%25) put it in a bank with mutual consent from 20 March 1951. But, Britain delegates refused it. The second session was held on 19 June 1951, and Jackson offered a plan as follows:

“Acceptance a kind of nationalization without specifying its quantity; paying ten million pound sterling as advance, also, paying 3 million pound sterling monthly from July till settlement; transferring Anglo-Iranian Oil Company(AIOC) to Iran’s National Oil Company(INOC); founding a new company by the ex-company in which it can have some Iranian managers; establishing a pure Iranian company for internal distributing operation; and
transferring on hand assets, to the new company with favorable conditions.”  

As Mossadeq had predicted Jackson plan was not conformed to the Nationalization Spirit. Also, Mossadeq refused mediation of Dr. Henry Francis Grady, the U.S. ambassador, to continue talks. Therefore, negotiation was cut. At the same day, Jackson and his companies left Tehran and told London press that as long as the current government was ruling, there was no hope to revive talks. Next day, Mossadeq reported the Majles and mulled over reason of defeating talks. He stated: “Whereas Jackson’s plan opposed with the Nationalization of Oil Industry law and it was obviously rejecting the law, so, I was dissident with going on talks.”

**Dispossessing of the British Company**

On 9 June, the directorate of INOC along with 3 members of the mixed committee was greeting by a large number of Khuzestan people. Then, they entered Abadan. Engineer Mehdi Bazargan was the first director of Iran’s National Oil Company (INOC). On 19 June, dispossessing committee put on Iran’s flag on central office of the ex-company in Khorramshahr, then, they installed tableau of “the Provisional Directorate” instead of the AIOC director. Also, they warned the ex-directors of AIOC over neutralization of their orders unless approval and signature by the provisional directorate. Next day, “Information and publication office” of AIOC was dissolved in Tehran. After two days, Iran’s government seized headquarters of oil sale and distribution in Tehran, too. Furthermore, they seized Kermanshah’s refinery and its installations. Mehdi Bazargan described unseating of Eric Drake, the General Director of AIOC in Abadan, like this:

“…..We, members of the dispossessing Committee, went upstairs outright into Drake’s room. In previous visits he was rising up at his table and was sitting with us around the table in the middle of his room and was ordering tea and sweets. This time he did like before and came
towards us. Before sitting around the table, Makki told me: “go and sit on his seat”. I did it quickly. Mr. Drake had been stunned. After a few moments, he took his cap and went with no word. Then, we never saw him. So on, we disposed easily AIOC…..” 13

The provisional directorate declared that all of Iranian and British staff could remain and continue according to regulations and their responsibilities in Drake’s tenure contingent on considering themselves as employees of INOC. The provisional directorate orders were exerted through Mr. Ross, the chief of Abadan refinery, and Mr. Cax, the chief of oil fields. They were skillful technically and helped the provisional directorate to manage the refinery. Perhaps, they hoped on returning of the AIOC again. After returning Jackson’s mission and decisive decision of Iran’s state on nationalizing oil Industry, also, dispossession of AIOC Britain understood not to be able solve oil crisis through negotiation with Mossadeq. As a result, Britain decided to pursue the case through judicial aspects, so, complained to The Hague. Meanwhile, it had been regarding threat and military solutions. On 27 May, Britain sued against Iran in The Hague and after one week it appealed for taking necessary measure by The Hague. It was appealed to prevent any Iran’s judiciary, legal and executive acts against AIOC before the Hague verdict. Concurrently, Morrison, the FM of Britain, had a violent speech and threatened Iran and stated:

“The Provisional Directorate asks all of ships captains to give a receipt by the name of INOC, and worse on 21 June a draft was adopted implying on everyone obstructs against oil operation including oil pipe cut or destroying refinery or vehicles will be known as a sabotage and will sentence to hand punishment or death and will try in martial tribunal. In fact, Iran’s directorate has just written a letter to Mr. Drake and has said whatever he has done to prevent Captain’s signing receipt will be counted as sabotage. They say his act has caused to paralyze export of Iran’s oil…..according to international law, Iran’s PM and his
administration is responsible to save life and assets of Britain in Iran. If they cannot do it, the State Majesty of Britain will do it…..But, I can inform deputies that Maurice cruiser had been ordered to move quickly forward Abadan district.”

On 3 June, Mossadeq said in an interview with International News Agency correspondent: “There is no anti-sabotage draft against British staff, but It is against suspicious and ventures individuals who may be commit in sabotage in oil fields, so, Western developed countries may be deprive of oil. Also, Britain’s fear of the draft is just a pretext.” Furthermore, He cited about dispatching warships to Iran’s water as follows: “It makes no difference for us existence or non-existence of warships, we don’t afraid of warships.” Then Mossadeq took back the draft with mediation of the U.S. ambassador, hereafter, it wouldn’t be a pretext for British staff to prevent cooperation with Iran.

**Documents of Richard Seddon’s House**

Concurrent with dispossession of the company office in the south, the official organization of the company in Tehran was ousted. On 30 June, delegates of the Justice Ministry and police occupied Richard Seddon’s house. They found multitude of top-secret documents of the company, but much of the documents had been burnt. According to Shepherd’s report a large part of important and dangerous document had been transferred to Britain’s embassy in Tehran before occupying the house. Nevertheless, remained documents had been showing interferences of the former company (AIOC) in internal and political affairs of Iran. These documents were revealing AIOC’s relation with senators and representatives and former ministers and also newspapers. The company had been paid to some editors to publish provided articles in the company interest. Also, they claim the national leaders are puppet of AIOC in their reports.
More interestingly, based on documents number of leftist newspapers adherence of the Tudeh communist Party such as Chalangar, Shahbaz, Maslahat, Besuie Ayande and 16 other newspaper from different organization and parties had received money, papers, and technical supports……from the AIOC to publish anti-American articles, too. Stakil, the head of AIOC publication, has said about leftist newspapers and other radical ones: “With being these newspapers, we are relax and there is no worry because we control the articles before publication, and we have to try to help them more….At present, Iran’s press are in shortage of papers, and recently, we gave them a lot of papers…..”.

In addition, gained documents revealed collaboration of Iran’s authorities with the company officials and the intelligence service. For instance, Ali Mansoor demanded the company officials to let him stay in the prime minister ship, and instead he would appoint a pro-company finance Minister, furthermore, appoint Bahram Shahrakh, employee of the AIOC, as general director of publication and Iran’s radio. In Ernest Northcraft’s report has come: “he has provided defense text of the Supplementary Agreement for Razm Ara (PM) and Forouhar (Finance Minister) to read it in the Majles.” Also, contact with newspapers in order to publish pro-company articles, providing statements which were going to broadcast from B.B.C radio. London which had been concerned of Seddon’s house exposing denied everything and claimed all those operations had been for diverting public opinions against the company. Shepherded, the Britain ambassador suggested that Persian Part of B.B.C. had to question correctness of published documents. Meanwhile, Maitland one of the House of Commons representatives said: “We should use helps of Common Wealth Nations to confront Britain’s problems in Iran.” However, none of the Common Wealth Nations paid attention to this recommendation and on 10 June, 1951, Jawaharlal Nehru, the Hindustan PM, in a press interview stated: “His government and state support of Iran’s policy
over its oil issue.” Also, Hindustan PM cited about the 1933 Accord: “there is no doubt all previous agreements with Asian and Middle Eastern countries cannot be considered as equal and justice contracts.”

Molana Abol Kalam Azad, the India’s prominent politician and the War Minister of India had cited in a supporting declaration of Mossadeq: “Iran has the right of nationalizing its industries, as Britain has used this right in its country.”  

In Majles meeting on 16 July a plan was affirmed in which the mentioned documents should be rendered to a committee including prosecutor general and six representatives. The prosecutor general had to survey discovered documents and referred it public courts according to public punishment code. The Senate approved this bill, too, but result of investigation was not announced. Synchronous with Britain’s complaint from Iran in The Hague, its military threats were intensified. After presence of Maurice warship in Arvand Rud, it was ordered to British parachutist team in Cyprus to be ready. Then, two other warships by the name of “Flaming” and “Vern” entered Iran’s waters. In the early of August another four warships got berth nearby Abadan port. At the time, numbers of British warships were reached to nine. This number of warships in Iran’s water was unprecedented from World War II.

Despite the U.S. Foreign Ministry adherence of Iran’s right in the oil nationalization, contingent on paying fair indemnity, Britain and Iran’s stance against each other was dangerous. Acheson believed continuation this way might lead Iran to a communist coup or to full expulsion of the British, which based on the U.S. Foreign Minister view each of them was calamity for the west world. So, Acheson believed to mediation of America. The U.S. Foreign Minister expressed his hope and stated: “Iran has to review its current actions and chooses a way to avoid its present policy and to continue the oil operation. …A tentative arrangements should be done in order to not damage the both sides position, but allow to British expertise stay in Iran and oil production continues and other fixed arrangements should be done later.”  

On 27 June,
Mossadeq wrote another letter to the U.S. president, Truman, on this context: “Unconditional recognizing of nationalizing Iran’s Oil Industry by Britain; Dissolving AIOC and solving suits of both sides through negotiation; continuing oil export to foreigner buyers in the average of previous three years with international rate. Iran’s state and nation will try to continue oil export but if British staff leave their work, directors of the former company (AIOC) will be responsible for ensuing results.”

Ensuing defeating of Jackson’s mission, British state followed its previous lawsuit against Iran in the International Supreme Court of Hague and demanded for security enterprises. On 23 June, The Hague informed the Foreign Ministry of Iran that public meeting would be held on 30 June, 1951. The Iranian government called the international court disqualified and sent a reply to Britain lawsuit through its missions. The Iranian mission had to give Iran’s reply to judges without presence in public meeting. Ultimately, the International Supreme Court issued a provisional security decree in the interest of Britain; based on this decree, both sides had to prevent any actions which might damage the others right. This decree was issued with majority vote of 10 from 12 by the Supreme Court judges. Badevi Pasha from Egypt and Viniar Seki from Poland voted against it. On 9 July, 1951, Iran’s government in a telegraph to the general Secretary of the United Nation objected to the Supreme Court decree and considered it against Iran’s sovereignty right and added “because the mentioned court has been out of justice way and has shaken public trust towards itself, Iran’s government restores the declaration of 20 October 1947 about acceptance of the court judgment.

Based on Mossadeq’s view, Britain and the AIOC were manifestation of imperialism not an organization which was importing % 96 of Iran’s oil. Studying about Iranian negotiator missions with the British representatives and American authorities shows that Iranians had not enough information about oil and its delivery and distribution around the world and didn’t understand that oil
sale is in monopoly of big companies and current international carters. These expertises were thinking stopping Iran’s oil proceeding to the global market, would influence world immediately and covering it from other oil producing countries would be difficult. Three months after oust of the former company when Mossadeq went to New York for presence in the Security Council, during his long and secret discussion with George Mack Ghee, deputy of the U.S. Foreign Ministry, understood the U.S. and its western allies were not going to give more concessions of dividing interest 50-50. MC Ghee pointed out the Mossadeq “we are going to find a solution that Iran can gain the best result in oil deal, but we cannot support of an agreement which can transform the structure of oil deals all over the world….” 21 Mossadeq and his colleagues believed that cutting oil current was better than flood of Pound Sterling from Britain to Iran without any changes in political and social structure. It was in such a condition that Truman sent his political advisors to Iran to mediate and prevent any stalemate in discussion.

Mission of Harriman and Stokes

On July, 1951, Truman, the U.S. President, sent another message for Dr. Mossadeq over his interest to solve the oil issue base on preserving both sides’ rights and suggested to dispatch Averelle Harriman who was one of his trusted persons to provide a suitable ground for negotiation between Iran and Britain. Mossadeq accepted and cited the provisional decree of The Hague was unacceptable, and cases would be examined in the frame of nationalizing oil Industry of Iran. British authorities had been upset of exchanging message between Truman and Mossadeq. Morrison announced Acheson “Harriman should negotiate the issue based on Jackson’s suggestion and if Iran didn’t accept the suggestion, Mossadeq’s government must overthrow.” 22

Harriman was one of the America’s prominent individuals who went to Moscow as Franklin Roosevelt’s envoy in the World War II and visited and
negotiated Joseph Stalin and was present in most of the Allied conferences. Harriman along with his companies arrived Tehran simultaneously a gloomy, bloody and unexpected event. Britain in order to justify Truman’s Administration towards dangers of continuation Mossadeq’s government for the West interests and oil companies had restored Tudeh Party threat and communist influence. MI-6 agents influenced in the leadership council of the Tudeh party and other dependent organizations so; to fear Americans they arranged anti-national and anti-religious demonstrations. While entering Harriman to Tehran, the Tudeh party set up a demonstration for anniversary of oil workers strike in Khuzestan in 1946. Demonstration spread with slogans against the U.S. and U.K. and led to a conflict between the original and fake Tudeh party with Zahmatkeshan party. As a result armed forced fired on protestors without any legal decree. 15 were killed and more than two hundred were injured, about one third of killed were policed. Harriman started with the Shah visit, then met Mossadeq, and talked to Mohammad Ali Varaste, the Finance Minister, and some of the mixed committee members. Commissions of administration and mixed committee prepared a text of Iran’s government as the basis of negotiations. Harriman sent a secret message to the U.S. President and the foreign Ministry:

“Telegram, Number 888, 2353, 7-1967 Top secret, Tehran 19 July, 1951, 4 P.M.”

“285 – From Harriman to the President and Foreign Minister – distribute only by the order of Minister Office. I reported the main proceed of my first talks with Iranian authorities in a separate telegram. I think it is useful to inform you about some of my high lightened conceptions which can open a new way towards problems we face. Here, all American authorities believed most of the Iranians were sympathizing Dr. Mossadeq. So far, no other program was as extensive and supported as his plan, cutting influence of Britain at Iran and nationalizing oil Industry. Mossadeq had provided a space for his goal through provoking people’s feelings so that both factions of radical left
and right have no way except retreating. It seems Mossadeq is the only figure can talk with Britain … Also, he can not sign any agreement regardless the Nine Articles of nationalizing oil … In my recent discussion with the Shah and Ala (Minister of the Court), I realized the Shah could not dismiss Mossadeq and replaced him an obedient government. In this situation, it is better for us and British not to talk about changing the government…” 23

But, Shepherd the Britain’s ambassador, was going to despair Harriman of talking to Mossadeq. He claimed “the PM doesn’t enjoy people protection and his dissidents in the Majles are going to overthrow him.” Harriman replied him: “Mossadeq is like a national hero among people and his subversion make a huge tension in society.” 24 On 26 July, Harriman flied London to give up Iran’s four acts proposal. He convinced the British authorities, the former oil company and Attlee (PM) to send a commission Tehran unconditionally. After four days Harriman returned Iran.

Richard Stokes’s Delegacy

On 2 August, Britain charged’ affair gave a letter to the Iran’s Foreign Ministry and announced his government desire to dispatch a delegacy by the head of one of the Cabinet ministers to debate. Meanwhile, Britain affirmed officially principal of Nationalization Oil Industry in Iran, as following: “The Britain Majesty recognizes the principle of Iran’s Nationalization Oil Industry by himself and by the company.” George Middleton. Members list of Stokes delegacy declared including Sir Arnold Fergusson, the fuel and power Minister; and authorities from treasury and foreign ministries; 5 representatives of the former company. Iran’s delegacy were including of Mohammad Ali Varaste, the Finance Minister; Ahmad Matin Daftari; Ali Shaygan; Karim Sanjabi; Kazem Hasibi; and Reza Zadeh. Debates started on 7 August. At the beginning, Stokes suggested continuing Iran’s oil export until approaching a
final solution, but Iranians rejected. These debates prolonged 2 weeks. Ultimately on 13 August, Stokes rendered his 8 acts suggestion to Iranian delegacy. This suggestion was similar to Jackson’s ones which was given by Iran.

In memorandum 8 articles of Stokes, it had been mentioned about “buying organization”. This organization controlled and administrated by the ex-company and had the monopoly of oil export. Other organization called “operation organization” was being established by “buying organization” and agreement of INOC. Iran’s delegate was a member of directory and also benefit of revenue was divided 50-50. According to the Nationalization Oil Industry the whole operation including exploration, extraction, and exploitation have to do by INOC. But, Stoke’s proposal revived the former company in new form and Iran was not accepting. Thus, special envoy of the U.S. president could not solve this dilemma. So, stokes informed Iran’s PM to return his 8 articles suggestion and if Iran did not accept suggestion of establishing a British organization with British managing, he would not continue negotiation. Because of Iran’s rejection, talks cut and stokes and Harriman along with their colleagues left Iran.

After defeat of Harriman’s mission and Stokes’s delegacy, dissidents of Mossadeq were quite happy of defeating talks, so, their vast oppose to Mossadeq appeared through different maneuvers in both Majleses and publishing articles in oil newspapers. Ending the sixteenth Majles in late of February, 1951, was another concerning of dissidents in the next election. Stokes before dispatching to London, recommended the Shah: “the only way of solving oil issue is to oust Mossadeq and replacing him a powerful government and installing a martial law.” Most of the British authorities had no hope to settle the oil issue with Mossadeq. Shepherd, the British ambassador in Iran, got a message from the Shah Mohammad Reza and sent it to his country Foreign Ministry. It had been said in the message “I have resulted to get rid of
Mossadeq, now my only concern and apprehension is to find a way to oust him”. Shepherd along with sending this message had emphasized that it was not necessary to consult Americans in every step. There were some cases which caused to British encouragement. One of them was “Ali Soheily”, Iran’s ambassador in London, when he had said in his visit with “Reginald Bawker”, assistant of deputy Foreign Minister of Britain,” Mossadeq’s administration cannot endure any longer.” Second, Britain was doing obstructions through helping dissident group in the Majles that could paralyze efficiency of government. More importantly “Loy Henderson” was appointed as the new US ambassador in Tehran instead of “Henry Francis Grady” in September 1951. Britain did not desire Grady and was anxious of him for his adherence of the Iranian requests. Shepherd was also suspicious towards him. According his opinion “Grady was disappointedly desire to be known as savior of Iran, like Greece and India.” Henderson with experience of serving in civil sector of the Soviet Union and Eastern Europe part in the Foreign Ministry in 1940s and serving as the US ambassador in Iraq, assumed deputy of Foreign Ministry in the Near East. Also then, he served as the US ambassador in India and Nepal and then transferred to Iran. At first he had good relation with Mossadeq, but with increasing oil crisis he became adherent of Britain and finally cooperated with Kermit Roosevelt, the commander of 1953 coup.  

Anthony Eden, the foreign minister of Britain, called Henderson as a good friend of Britain also described him as meritorious and trained diplomat and had said: “without his attempts the Consortium Treaty wouldn’t be successful.” Simultaneous leaving of Stokes mission to London, activities of the British Intelligence network along with leadership of “Robin Zaenier” and brothers Rashdian started to undermine Mossadeq’s government in huge scale. Also some of Anglophiles in the Majles began to create crack and gulf between the National Front leaders. Moreover, other persons considered Mossadeq as a threat for their interest so, directly or indirectly cooperated with Britain’s Embassy. Jammal Emami was minority leader affiliated to Rashdian brothers’
network in the Majles who had invited Mossadeq to accept premiership. Minority groups were making stonewall for Mossadeq in the Majles especially after defeat of full-dress talks with Stokes’s mission. They inquired Mossadeq over his refusal of British proposal and sometimes alleged him as compromiser with Britain or coalition with the Tudeh party. On 3 September, Mossadeq said in the Senate Majles he would pursue his government goal regardless conspiracies which had been begun against his government. Then, Senator Khajeh Noori said after an introduction that it would be better to show more flexibility against a powerful country such as Britain and asked Mossadeq for not stopping talks without informing the both Majles like before. However, if you admit your defeat and resign it wouldn’t reduce your patriotism and devotion but it would increase. Mossadeq replied:

“….you think, people can ignore all of their devotion that have done till now? People don’t know this miserable nation was captive of the South oil for 50 years? People don’t know who enforced Mr. Alaa to resign? People don’t know that these governments are being brought and are being gone by the Oil Company. ... When I accepted this duty, I got ready for any self-sacrifice and I have been successful till now, government could cancel the 1933 Treaty and D’Arcy Treaty. A government which could approve the Oil Nationalization in the Majles … can do everything for expediency of the country. If you know this government cannot do anything why you give it confidence vote?” 28

At this time, economic pressure on Iran was escalated, the British cabinet prohibited export of Iron, steel, sugar and equipment of refining oil to Iran. So, transportation of 3000 tons railway and 2000 tons sugar which was under way to Iran was stopped. Converting existent pound sterling of Iran in London Banks to other foreign exchanges was prevented. Another warship was sent to the Persian Gulf, and British Marine Force apparently embarked on military maneuvers and their hand and Air Forces were boosted in the Persian
Gulf. Continuation these acts by Britain’s state especially restoring to military activities and violence was in spite of Truman’s administration policy. This policy which was compiled by Acheson stressed on “recognizing right of independent countries in nationalizing their industries contingent on paying justice compensate.” American leaders could not consider British military attack justifiable, because they believed that the British attack would make the Soviets’ military intervene possible. Acheson told in the midst of May “We do not use military force unless Iran’s government demand or the Soviet’s military intervene or possibility of a communist coup in Iran or to secure British national while evacuating Iran”. 29

However, Britain had prepared attack plans to Iran and occupying Abadan and other oil installations. They satisfied the then commander of Air Force to not to resist against seizure of Abadan. Attlee, then British PM, informed the president Truman of attack to Iran, but Truman replied that America would not protect them and recommended continuance of talks. Therefore, Attlee dispensed with attack considering to America’s stance on “restoring to violence is not advisable.” 30 On 24 September, Mossadeq ordered to the provisional directorate of INOC to warn those of the UK expertise and technicians who did not accept INOC quit Iran within one week. Some days later, rest of British staff of AIOC who were about 350 left Iran. On 27 September 1951; the Britain’s foreign Ministry by a declaration expressed Iran’s decision over expulsion of the UK staffs in AIOC from Abadan as The Hague verdict and international laws. Also, they pointed out that Britain would reject restoring violence for retaining the UN power and referred the case to the UN security council and would prevent selling Iran’s oil to others.

The US state foundationally opposed to the UK’s complaint in the Security Council. Washington believed that “The Soviet Union would veto Britain resolution and would show itself as advocator of weak countries.” On 28 September, the Security Council made aware Iran of its decision over
surveying the Britain complaint on 30 September, but, it postponed based on Iran’s appeal till 5 October. Mossadeq on the verge of his journey to New York in order to attend in the Security Council meeting announced to present in the open session of the Majles. The minority group decided to prevent officially Majles meeting through not presenting in the Majles. The Minority group obstructed the meeting but Mossadeq came out of the Majles and started to speech for the people who had gathered in front of the Majles: “…..O, people, you benevolent and patriotic people who have gathered here, here is the Majles and there (hint to Kakhe Baharestan) some oppose to the country interests, is not Majles…..”. Avoiding minority deputies and other deputies who were puppet of Britain of attending in the Majles had a vast reaction all over the country. Tehran’s Bazaar was closed; Bazaar and syndicate delegates came to Majles in objection to minority acts. They met the speaker and made demonstration against the minority deputies. Then, the minority group wrote a letter to the speaker with this context “Whereas, Dr. Mossadeq as the head of Iran’s delegacy is going to undertake Iran’s case in the Security Council and for informing the entire world about Iran’s sympathy and unity, we leave our dissent towards the present government….“  

Mossadeq in America and the Security Council

On 8 October, 1951; Dr. Mossadeq at the head of Iran’s delegacy set out America. Mossadeq and Iran’s delegacy were faced with Iranian welcome and with Iran flag in the United States. Mossadeq was sick and straight went to “Cornell Medical Centre” from the New York airport and his accompanied went to hotel. In the hospital, MC Ghee, the US Foreign Minister, Ernest Grass, the US delegate in the UN, visited Mossadeq. MC Ghee told Mossadeq that the president Truman and Acheson were expecting to see him after ending the Security Council debates in Washington. On 15 October, first session of the Security Council was formed to examine Britain complaints. First, “Sir Gladwin Jebb, the British government delegate, read his government request
“...Security Council is the place to defend small nations and providing equality between small and big states. If, powerful and superpowers do not respect to this principle, then, the Security Council would be an instrument of super powers for interference in domestic affairs of weak countries ... Britain is going to make discord in our country through dispatching warships and armed forces to near our borders. It has tried to use the international court for advancing its illegal goals.....” Then, Mossadeq reasoned that “the different subject between Iran and the former company is an internal affair and just Iran’s government qualifies to survey it not any other international organization.....”

Iran’s Prime Minister with implication to the U.K. resolution which had been considered Iran as a threat for global peace, said: “If nationalizing jeopardizes global peace, Britain’s government will jeopardize global peace more.” Mossadeq through reminding Iran’s past history pointed out that the military coup of 1921 and assuming power of Reza khan was done by interference and agreement of Britain. Goal of this coup was just establishing a dictatorship regime in Iran and destruction of democratic liberties and conclusion of the 1933 Treaty. Indeed, AIOC in small scale is the new model of the “East Indian Company” which has been bloodsucker of India subcontinent for centuries. The former company not only had been interfering in Iran’s Majles election but in defining of Iran’s governments. At the end, he said: “If Britain will show goodwill and create mutual trust, Iran’s state desire to have friendly relation with Britain, but under pressure we don’t undertake
ourselves to have talks over subjects which have serious effect on our country
destiny because in this case we confess that we don’t enjoy of sovereignty and
equality rights, and our future independence will be jeopardized…” 32

Jebb, delegate of Britain, replied Mossadeq: “Statements of the Prime
Minister was in vain elaborations over past events meanwhile he put allegation
against us.” He rejected Iran’s reasoning on British interference in internal
affairs in Iran, and said based on his view Mossadeq was going to dispossess an
institution in worth of one billion Dollars, this case is not at the national
qualification. Jebb claimed “Mossadeq is under influence of his hasty and
regardless act, which is not unlike suicide. His un-wisdom action has created
for him and his colleagues’ illusion and misconception. Apart of these, his
allegations are showing off about cases which is not true, while both Britain
and AIOC has had great helps to Iran’s economy, especially this allegation of
Mossadeq that Iranian workers are living in slums is quite untrue.” Then, Jebb
showed pictures of good-looking house in Abadan which British staffs were
using them, and told that “this album is the most convincing actions of the
AIOC in Iran.” Iranian mission immediately reacted and said those pictures are
related to houses of British staffs and some of the Iranian executive managers
not of workers and ordinary staffs. 33 After, Allahyar Saleh informed the
Security Council of the nationalizing oil precedent and added:

“…..We have not committed on economic suicide or are not going to
defeat a hen which has sit on golden eggs. “ He said that” the 1933 Treaty
is not creating any right, credibility or legal qualification for Britain’s
government. About rule of law he said: “At present conditions,
international laws are weak and have some shortages superpowers still
use these laws to rule over world [...] in such conditions, protection of
basic rights of poor people make them to preserve their independence
and national rights and insist on maintenance their rights.”
The Soviet’s delegate expressed that these talks are in vain and repeated that this subject is an internal one and is not related to the Security Council. “Bengal Rao”, the India’s delegate, confirmed the Soviet’s view and protected Iran’s stance. Equador delegate said: “I afraid of voting by the Security Council about British resolution to open a new way for interfering in weaker countries affairs and this is an affair that from many years before Latin America’s country has expressed their serious dissents towards it. “Te Yang”, China’s delegation suspended about British intention and said: “years of British domination on Iran’s Oil Industries has been over”. Ernest Grass, America’s delegate, who supported the British resolution said: “America’s way towards the people of both Iran and Britain is based on friendship and wishes to find a constructive solution. 34 In session 17 October which was formed in the morning and afternoon, the Iranian Prime Minister said:

“……The former company will never see Iran. Iran is ready to use foreign experts with fair conditions and to sell its oil to foreign consumers, but is not ready to grant supervision right in Oil Industry. It appears from expression of Britain’s delegate that the former company has been a charity institution and Iranians has been ingratitude while, benefits of the former company during 1950 was more than all benefits they have paid to Iranians. British delegate has said Oil Industry of Iran has been created by attempts of British, but, it has been developed by the Iranian workers attempts.”

Iran’s Prime Minister (Mossadeq) while going out of the session of the Security Council said to the press that Iran’s delegacy would not present in the next session of the Security Council, and Iran’s government would never accept advice from the Security Council. At last, in the Security Council last session on 19 October, 1951, “Francis Lakost”, France delegate, in order to getting rid of Britain from that hard situation suggested: “the British request will remain till final decision of the International court (the Hague).”
British delegate accepted this suggestion despite dissatisfaction and expressed his resentment towards stance of those council members who believed Britain had made a mistake over referring this case to the Security Council. The French delegate suggestion approved with 8 yes votes versus 1 no vote of the Soviet Union and 2 abstention votes of Yugoslavia and Britain. Therefore, the Security Council talks ended with defeat of Britain and Mossadeq came out as the national champion. 35 “TIMES” magazine elected Mossadeq as the man of year in 1951.

1. Ensuing ending the Security Council sessions, the U.S. foreign Ministry, used presence of Iran’s PM in New York and took more activate role to come an understanding between Iran and Britain. For this mean, discussion between Mossadeq and MC Ghee was started and Acheson was sometimes taking part, also. At this time, in British parliamentary election conservative party won and on 26 October, 1951, Winston Churchill assumed power again. He, in his first speech in parliament, said: “….We cannot tolerate unsuitable behavior of Iranians towards us…” 36 Mossadeq went Washington from New York and met the president Truman. Mossadeq referred to slight helps of the US to Iran and said he was going to ask for American help apart from oil revenue” because it would be possible Iran’s existent circumstances to jeopardize public security and threaten global peace.” President Truman made Russians similar to a vulture which was going to attack Iran’s Oil and their position was firing to fight. Truman compared Iran’s situation with the US situation during the 1933 economic recession and said “…If Iran can solve its differences with Britain and implement all necessary actions to use its all possibilities we will be happy and help Iran.” Mc Ghee after talks which prolonged 80 hours with Mossadeq, prepared a suggestion with acceptance of Mossadeq and the US Foreign Ministry along with a note rendered it to British state. 37
On 4 November, 1951, Eden, the Foreign Minister of new conservative government of Britain, went to Paris and met with Acheson, the US Foreign Minister and talked over suggestive plan of America five times. Then Eden asked Acheson to establish his position on Iran based on “fixed principle”. These principles surrendered Acheson in Paris:
1. Defining fair indemnity through agreement or arbitration.
2. Guarantying of paying indemnity which according to Eden was through oil sale.
3. Refusing any suggestion that according it Iran’s conditions would be better than other oil concession agreements. Avert of talks that put to end in loss of Britain’s interests.

Acheson asked Eden to accept the US agreeable suggestion with Mosadeq as the basis for starting talks in order to avoid worsening Iran’s condition. Eden said it was not possible for him to justify the expulsion of the British experts from Iran’s oil and could not accept the reason of domination of communists on Iran after removing Mossadeq. Furthermore, he considered Mossadeq as a threat for west interest and had resulted to unseat him as the best way. Churchill stressed in his message to Eden that “we have to show resistance, even if our difference will be more for a while.”  38 Acheson did not accept another suggestion of British Cabinet over sharing American companies with British ones. Of course, they meant Americans can have share in Iran’s oil instead AIOC share in Saudi Arabia’s oil. Acheson’s reason in refusing mentioned suggestion was that America’s interference in Iran’s oil case would be interpreted along its commercial interests. Mc Ghee who was waiting in Washington for talk’s result of American and British Foreign Ministers narrated the result as follows: “…Acheson said from Paris phone line: Eden is not desire to deal. He thanked our attempts, but did not accept our suggestion and he does not incline to continuation of talks. Then, Acheson asked to inform Mossadeq of talk’s failure.”  39
While staying Iranian delegacy in America, there were several suggestions for solving oil case of Iran which the most important one was delivered by the “World Bank” or “International Bank for Reconstruction and Development Plan”. This organization was concluded of 39 cooperative associations dependent to the “Economic and social council” of the UN or “ECOSOC”. It has capital and possibilities that can give and help other countries economic developing. Regarding prolongation Iran’s oil crisis and jeopardizing the Middle East oil stability led to this suggestion which had been posed by the US initiative. According to the World Bank plan it was being established an executive enterprise under the Bank with the Bank capital to administer Iran’s Oil Industry. For this mean, the British experts were being employed and some amount of oil revenue would be paid as the former company indemnity. Ultimately, on 25 March 1952, Iranian government opposed to the World Bank plan and the talks sealed off. Main reason of Iran’s talk’s failure with the World Bank was the very attention of Iran’s PM towards political conclusion of oil negotiations. Mossadeq considered the World Bank suggestion against Iranian nation ideals and implementing of nationalizing law and had stated:

“The World Bank job was not exploration of oil fields, it was going to restate previous situation in Abadan and make ineffective all Iranian nation devotion, and every new administration cannot do anything and the former company will repeat its way. Therefore, was it possible to nationalize oil industry once again and could Iran’s circumstances allow to oust the former oil company?” 40

Mossadeq on the way back to Iran was invited to Egypt and stayed 3 days in Cairo. It was concurrent with increasing political relation crisis between Britain and Egypt along with surging Egyptian National movement. Pasha’s government had brought about the Parliament nullification drafts of the 1936 compact which based on it Britain could use military bases in Egypt and also
the 1899 compact which based on it both countries could empower on Sudan. Alahram newspaper wrote: “Mossadeq has brought his country victory and honor. Iran and Egypt have assumed the holy duty of liberating themselves from exploitation.” He addressed the press directors and said that “the Suez Canal belongs to Egypt as like Abadan belongs to Iran. Nobody has the right to impose them colonial agreements….“ One day before returning Mossadeq and his accompanying Jamal Seyyed Emami and Mossadeq’s dissidents in the Majles attacked and castigated Mossadeq, that “….Although Iran’s government sympathizes with Egypt but Egypt is in war with Britain, so, Iran’s P.M. going to Egypt and his visits with Egyptian authorities is like Iran is going to fight with Britain….”

On 22 November 1951; Mossadeq and his accompanying returned Tehran after 47 days. Thousands of different class welcomed him unprecedented. All national newspapers praised P.M. and the Iranian mission in their articles. Mossadeq during his mission understood despite the Iranian experts, west is not as much as dependent to Iranian oil to accept all Iran’s conditions for implementing oil nationalization. Also, it was cleared that big American companies despite commercial competitions would not separate Iran in difference between Iran and the former company. Furthermore, Truman’s government was not going to separate Iran against his traditional alley, Britain. Therefore, although Mossadeq’s mission was successful in nullifying Britain’s propaganda, but endeavors of the Iranian mission had no desirable results in solving oil issue and receiving financial and economic helps. Iran’s refusal of accepting conditions of the World Bank had America’s reactions. On 20 March, 1952; the US Foreign Ministry announced that Iran could not receive 120 million dollar loan which Mossadeq had asked for it. But, twelve days later, America agreed a 16 million dollar help to Iran, but in end of April “Henry Byroade”, the new US Foreign Minister, informed Iran that America would not help Iran except four principle helps till Iran had not used its sources. 41
Prolonging of the World Bank talks refusing Iran’s demand for loan by the US and cutting Oil export escalated and complicated financial problems of Iran, and provided the ground for dissidents re-starting. Another fact that opponents could manipulate it was argument between leaders of the National Front and Mossadeq advocators. This argument and difference was started from the time of Iranian delegacy election for taking part in the Security Council session. Makki, Baghaci, Haeri Zadeh apparently opposed Dr. Ahmad Matin Daftari, Mossadeq son-in-law. Haeri Zadeh accused Senator Matin Daftari to have relation with the British and substitute Mossadeq. Hossein Makki who considered himself as champion of dispossession and Mossadeq did not choose him as a member of Iranian delegacy to America. However, minority representatives by leadership of Jamal Emami had promised not to dissent till Mossadeq is in abroad but aggravated the condition and differences and manipulated disturbances of Tehran University by the Pro-Tudeh students. Declaring of the seventeenth Majles election, was another concern for the minority, because if new election was done by Mossadeq, it was a slight chance for dissidents to go to the Majles. In November of 1951, the student organization of the Tudeh party closed classes in objection to some student’s expulsion of Alborz high school and clashed with the police which 5 were killed and some injured. Factions were dependent to the Darbar (court) in the Majles including Shushtari, Seyyed Mehdi Pirasteh, Abdolghadir Azad, Safaei and Nosratain grasped the opportunity to attack and offend the government. Jamal Emami, dissident leader, offended Mossadeq and called him “lawbreaker” and “rabble-rouser”. These attacks were at the time of surveying Britain’s complaint from Iran in The Hague. Jamal Emami, said in the Majles:

“…..You are the person who left the Majles and went in front of Majles and said the people: there is not Majles, Here is Majles. You have sat here for what? Go, those thugs are Majles for you…This is P.M. or rabble rouser or revolutionary? ...What have you done for this country? What have you made during these eight months except misery, poverty,
and duality?….I didn’t assume that a 70 years old man feigns always, when enters the country he is hiding, but in America is shouting … Now Mr. P.M. what do you have to tell us? What report do you have? Every day one put-up… indeed sirs, he is not fitting for this post. Swear to God he is not fitting….”

Mossadeq replied Jamal Emami: “I just want to say that with all weaknesses that Mr. Emami cited for me, he, himself suggested me the Prime Ministry. I don’t know this is Mr. Emami’s fault or my fault who with all these weakness accepted the premiership….” He added: “It is impossible a nation can preserve its independence without devotion and trouble … During 40 years our revenues has been 110 million pound sterling which all have been spent in a way they have defined, including one third of it has been spent for buying artilleries in which they took us all of them during the World War II… Iran’s nation should tolerate any trouble to preserve its freedom and independence. Then, Mossadeq referred to the British embassy efforts to make disunity among deputies and put them among government dissidents and said that “I have heard the British Minister had told some deputies: how is it possible you are 120 deputies but cannot convince Tehran deputies and the National Front who are just 8? And they replied that these few deputies are protecting by Iran’s nation and we are also patriotic and cannot oppose to people’s ideals, so, we have to cooperate with them and vote for the nation.”

The Seventeenth Majles Election

The Seventeenth Majles election was a hard and arguable duty for Mossadeq who considered it as basic factor of democracy and had fought years to executive free elections, and blamed previous Iran’s governments for interference in election. In this regard, he changed some governor-generals and governors and issued a decree to elect members of supervision associations on election among trustworthy individuals. He did a lot to provide free and true
elections. However, existing election law, the Darbar (court) interferences through army commanders and landlords and local influential were obstructions on his way. Disagreements among the national Front leaders over defining Tehran candidates, competition between Iran’s Party and Zahmat Keshan Party, interferences of Haeri Zadeh in opposing to Dr. Taheri from Yazd and Ghanat Abadi in Tehran and more important was the way of Ayatollah Kashani’s influence and his sons in defining their candidates all led to resentment of another national Front candidates and disorder in election. This difference at the early of election was regarding a weakness for government. Moreover, those who couldn’t succeed in the election and were Mossadeq support now had joint his opponents and weakened the National Front more than before the Tudeh Party regarding Mossadeq as their failure reason. Mossadeq elaborated problems of the seventeen Majles election as this: “The Shah was concern of entering leftist to Majles and I am sure that it is not important to enter some leftists against the majority of Majles.” Nevertheless, none of leftists could enter Majles and also Pro-government was less than 80 percent and it was not expectable for government and Mossadeq assumed that the allies had interfered in election. Violent rally of the Tudeh Party on 5 December, taking refuge of some opposed journalist with the government making disturbance in Majles through minority deputies on 8 December and taking refuge 45 clergies in the Sepah Salar Mosque all put government in straitened circumstances. The National Front arranged a large and successful demonstration in reaction to dissident’s activities. Mossadeq who knew of the court interference especially the mother queen threatened to resign if the mother queen didn’t leave the country and would inform people of his resignation reason. Inevitably, the Shah sent the mother queen to abroad and encouraged Mossadeq to continue his service.

Dissidents restored interpellation of government but this action had no result because of dispatching representatives to election precincts and non presence of maximum deputies. The Majles became neutral before its legal
expiry and government issued election decree. After this, opponent deputies tried to get rid of themselves of trouble. Result of election and entering many opponents to Majles showed non-interference of government. In cities, noticeable numbers were pro-National Front. But, in other parts the Darbar (court) candidates and local elites were elected as a result of military commander interferences. In some precincts occurred some violent and bloody conflicts between thumbs up and down which led to stop election in those precincts. No one of government opponents in the Sixteenth Majles couldn’t enter the Seventeenth Majles including Jamal Emami Khoei, Abdolghadir Azad, Shushtari, Raza Hekmat (Sardar Fakher), Mehdi Pirasteh, Safaei Haeri and Mohammad Reza Ashtiani Zadeh. Also none of the Tudeh Party candidates in Tehran and other cities were elected. At the end of election, Mossadeg in a radio message for New Year of Iranian said that Interferences of some government agents and influential local richer in cities and unprecedented freedom in election led to some misuse of supervision associations. Meanwhile, he expressed about eighty percent of deputies are people real deputies.  

Disaffection against Mossadeq was still going on. The Tudeh Party rallies, the Press criticism from government, intrigues of traditional ruling class and the Fadaian Islam (Islam Devotees) group had been still continuing. On 28 October, 1951, a teenage named “Abd Khodaei” from the Fadaian Islam (Islam Devotees) in an assassination injured Dr. Hossein Fatemi, the loyal friend and advisor of Mossadeq. Amidst March 1951, 90 syndicate representatives objected to government tax policy to Senate and threatened to sit-down. Disagree clergies with Mossadeq consisting Ayatollah Behbahani and some other preachers like “Sheiyk Mohammad Taghi Falsafi” were preaching against government in Mosques. Regarding to Iran’s economic siege, they were trying to intrigue some of traders and merchants against government. In the early of March 1951, government announced curfew in Tehran in order to confront with clashes between the Tudeh Party and their opponents. Declaring curfew by
Mossadeq who himself was one of its castigators in previous governments was criticized harshly by opponents.

Oil exports had been stopped; talks with the World Bank representatives had been defeated; the U.S. financial help in amount of 23 million dollar had been suspended; national loan program which Majles approved it on 11 July 1951, was welcomed just by the middle class not rich class; also the Tudeh Party boycotted national loan and started fight against it. Regarding these circumstances, Mostafa Fateh, one of the senior directors of former oil company, wrote in his memories of 5 March, 1951 that “Predict of those who were saying: give him (Mossadeq) enough rope, he will hang on himself in suitable condition, has been truth.” 46

**Mossadeq in the International Court of Hague**

Summary of Britain’s lawsuit was to referee difference between Iran and the former oil company to arbitration also declares implementing nationalizing oil law against international laws and Iran’s government could not abrogate the 1933 Accord unilaterally or change its regulations and at last, condemn Iran’s government for all its enterprises against the accord content. Considering the court vote formality and the Security Council decision over surveying Britain’s complaint after final decision of the International court, Mossadeq decided to go to The Hague at the head of Iran’s delegacy. Then, in a radio speech he said to people:

“…Now, The Hague is facing new system which has been imposed us after issuing the Security Council verdict. Economic siege, preventing of selling goods, domestic agitations, foreign obstructionism, threatening buyers of Iran’s oil, temptation of neighbors, conspiracies in Bahrain and the Persian Gulf Islands, closing commercial communications, detention of goods which they should deliver us and
other enterprises like this... these are disasters which have been provided for us after the Security Council and has made everything difficult for us and has deprived our people from their necessities....” 47

On May, the Prime Minister along with Iran’s delegacy members set out Holland, Professor Henri Rollin, professor of International law in Brussels University and previous speaker of Belgium Senate Parliament, was Iran’s defended lawyer. Dr. Karim Sanjabi was introduced to The Hague as Iran’s special lawyer. British state had defined some of its prominent legal individuals as its delegacy: “Sir Lionel Healed as general attorney – Sir Eric Beckett as senior legal advisor of Foreign Ministry – C.H.M. Waldock, Professor of International law in Oxford University and some of lawyer’s institute advisors and British Foreign Ministry. Mossadeq, also, had gone with an Iranian precious small carpet for Holland’s Queen as gift. Its news was exposed and the day after Daily Mill newspaper which was being published in London, published caricature of Mossadeq which he had sat on “Solomon Prophet’s” small carpet towards Holland. It had written under the caricature: “Mossadeq imagines The Hague judges can be paid off like Iranian judges.” 48

On 9 June, the International court was formed a session to survey Britain’s state complaint. After inauguration of session, Iran’s P.M. addressed the court in French. His statements had legal, political and advertising aspect. Mossadeq elaborated the British colonial policy from 19 century afterwards and regarded the former company as the executive agent of British colonial intends in Iran and stated that “Britain has politically and legally enforced Iran through dispatching and deploying military units and warships to Iran water” and added that “....the British government was going to be considered as a victim in difference between Iran and the oil company through referring it to the International court. During these years, Britain preserved Iran in corrupt and ruined conditions through its lobbying on the then governments, but after nationalizing oil industry all these conditions has been ended. Britain’s
government has made the oil company like a state inside Iran’s territory. The oil company had arranged an espionage network not only inside its operation field, but also all over Iran. British have tried to fill their pockets through reducing Iranians to extremity…and you cannot prevent a small nation to defend its rights against a big nation which is powerful economically and industrially, I demand you to understand our national feelings….”

In pursuit of Dr. Mossadeq’s speech, professor Rollin, Iran’s defend lawyer, said “…Based on Convene of the United Nation and International laws of nationalizing Iran’s oil and verification of any difference is in Iran’s internal courts qualification”. Rollin verified (that) no state can submerge other state from its right of nationalizing just for signing a commercial agreement with a foreign country because it counts as sovereignty law of that country. The oil company (AIOC) can just ask for a fair reparation. Professor Rollin cited that, “…Britain accepted the Nationalization principle, subsequent to its lawsuit to The Hague. That is to say its complaint has lost its credibility….because Iran’s state has violated no agreement or conventions, so, Britain’s lawsuit has no base the International court, also, should declare its disqualification over the British lawsuit.” Beckett said about British acceptance of Oil Nationalization principle as following:

“Britain has accepted this principle for smoothing and paving the way of talks. But now, talks has been encountered with failure so, that agreement would be null and void. Moreover, Beckett reasoned that Iran’s presence in this court indicates it has accepted the court qualification….”

On 24 June, Mossadeq returned Tehran. On 23 June, 1951; the court announced end of legal procedure. Beckett stated in a report to the British Foreign Ministry that “our victory perspective is slight … If the court vote against us, I as a conscious lawyer cannot blame its members and just can tell I
hated to judge as a British judge in this court and in this condition.” On 22 July, 1952; the International court verdict was issued. 9 of 14 judges voted to disqualification of the court. “Sir Arnold Mc Nair,” the British judge, was one of the voters to the court disqualification. His act was admired in the world judicial circles. Sir Eric Beckett, the head of British delegacy in the court, also affirmed Mc Nair’s way and said that “…If I was in that bench, I would have the same view of Sir Arnold Mc Nair….” The International court vote was consisted of:

“…..the court result that has not qualification to investigate Britain’s lawsuit and it is not necessary to enter the issues which are in qualification of the court ... the issued provisional verdict on 5 July, 1952; by the court is discredit.”

News of the International court vote reached Tehran in the evening of 22 July 1952.

On 27 April, 1952; the Shah Mohammad Reza inaugurated the 17 legislative Majles with presence of seventy new deputies. Mossadeq was not present in this ceremony. The next day, Mossadeq through sending a letter to Majles noted there had been fraud election in some cities and real deputies of people had not been chosen, so, he asked the Majles to reject those credentials. Planning and approving of representatives credentials lasted two months. Most of Majles sessions were accompanied by the representative’s arguments and tension. However, Dr. Hassan Emami and Seyyed Mahdi Mir Ashrafi’s credentials were affirmed. Dr. Hassan Emami had been chosen from Kurdish and Sunni city of Mahabad that he had never been there. Indeed, he was chosen by the Shah’s protection and Artesh interference and also he was the Shah nominee as the Majles speaker.

On 1 July, 1952; Dr. Hassan Emami was elected as the Majles speaker amidst disagreement between the National Front representatives in defining
candidates for the Majles speaker. This selection showed that dissidents were more unified and British can remove Mossadeq by pressuring on the Shah through the Majles. On 5 July, the Majles announced its beginning. Mossadeq who had returned some days before from The Hague resigned according to parliament traditions and again asked for serving through a radio speech and said that “...whether this government would on power or not, it is impossible to return the previous condition....” Aftermath this speech Tehran and other cities people started demonstration and asked for Mossadeq Prime Ministry.\(^{52}\)

The British attempts to remove Mossadeq were started and Seyyed Zia Tabba tabee was ideal nominee of British as Mossadeq substitution. The Shah had agreed this selection. They were going to put an end to oil deal through dissolving the Majles. But during the days, national feelings were reached its peak especially after Raz Ara’s assassination and nationalization plan. Dissolving of the Majles was introducing the Shah as foreign powers companion in opinion public, so, the Shah didn’t agree to this plan.

Next to Ala’s resignation and Jamal Emami’s suggestion to Mossadeq’s ruling, 70 representatives from 100 present representatives voted for Mossadeq. The Senate Majles which half of its representatives were the Shah’s selected voted for Mossadeq. Therefore, British couldn’t bring their candidate to power. Afterwards, British started their indirect and secret attempts to encourage Majles dissidents. So, in this regard and according to “Eric Berthoud’s” suggestion, assistant of the foreign deputy, Mrs. Lambton who was professor of the Middle East and Africa in London University was selected. Moreover, she had been in Tehran during the World War II as Britain’s press agent in Tehran. Mrs. Lambton as an expert in Iran’s affairs and being familiar with Farsi language and having many friends in Iran believed to in conclusion talks with Mossadeq. She believed that Mossadeq feeling was based on anti–Britain feelings and if he was starting to invest any concession in talks he would collapse himself. Lambton believed to protect secret acts of Mossadeq dissidents in which introduce him as a traitor. Regarding this, Mrs.
Lambton introduced “Robin Zaehner, Professor of Farsi language in Oxford University. Zaehner had been so successful in secret operations during Iran’s occupying by the Russians in 1944 and he had many important and top military friends. 53 According to him, British could be successful only if they have power of will and skill in domination on perpetual transformation between different parties and persons. Zaehner had a contemptuous view towards the Shah and regarded him as a distrust person. Zaehner acquired all important information of internal events of the court by Ernest Perron who was the closest friend of the Shah. Shah had brought Perron with him after ending his education in Switzerland. Zaehner, also, had relation with traditional politicians and opportunists like Sardar Fakher, who was apparently Mossadeq’s supporter but was British agent. Zaehner believed Ahmad Qavam was the best substitution for Mossadeq. In British’s’ view, Qavam was as nationalist as Mossadeq but less anti-Britain and more pro-Russian. Zaehner has reported his talks to Abbas Eskandar; one of Qavam’s proponents as follows:

“Next to ending my talks over ways and instruments for removing Mossadeq, Eskandari assured me that Qavam desires to have close cooperation with British without damaging Iran’s political and economic independence. I told him that Iran’s independence has always been our politics infrastructure, but we have to accept that Iran is economically largely dependent to “AIOC”. Such as us, ourselves, and Europe in general are dependent to America’s help. In new world, there is nothing as economic independence and Iran should face this fact. Eskandari said that he can understand this fact and he prefers Qavam –ol-Saltaneh and British influence in Iran than American or Russian one”. 54

In the late March 1952; “Julian Emery”, the British conservative deputy, who had a lot of experience in the Middle East affairs went to Paris to have a visit with Qavam who had been staying there. She had some discourses with
Qavam over his ruling, after Qavam returned Tehran to provide his Prime Ministry. In the midst August, “Christopher Wood house”, the British Foreign Intelligence Service representative (MI-6), entered Tehran and joint Zaehner. Woodhouse said, “….we had two different sources, one the municipal organization which was administered by Baradaran and other one was some of the South tribes heads. We were going to activate both sources at the same time. The municipal organization consisted of some senior officers and policemen, deputies and senators, mullahs and merchants, journalists and old politicians along with thugs, all these forces guide by Baradaran…." Woodhouse’s mean by Baradarn is brothers of Seyfollah, Qodratollah and Asadollah Rashidian. “Brian Laping”, the author of famous book “End of Empire” writes about Baradaran’s role, “….alluring deputies, paying money to group’s commanders for bringing agitators to streets and confronting with demonstration of Mossadeq’s proponents were largely managed by three brothers named Seyfollah, Qodratollah and Asadollah Rashidian. One of them was close friend and companion of the shah. The other was a merchant and third one had cinema. Rashidians had been helping British through acquiring Majles deputies’ support of Britain during the World War II. Now, they were cooperating with Zaehner and Woodhouse..., Rashidians had put their capital in this way. According to one of MI-6 leaders, he delivered more than one million pound sterling to Zaehner. This amount was a simple reward for what Rashidians had done.” 55

Other cooperative politicians with British whose their names were in the documents of the British foreign ministry consisted of: Asadollah Alam who was close friend of the Shah and was agent of Shepherd, the Britain’s ambassador; Aziax Nikpei; Hadi Taheri; Manuchehr Teimour Tash; Jamal Emami; Ali Mansour; Ali Soheily; Ali Shafia; Major-General Fazlollah Zahedi; Ali Dashti; Hassan Mokaram; Etebar. From the late March, when Mossadeq castigated Ayatollah Kashani and his children for their lobbying in the Majles election, tensions appeared in the National front. At the same time,
differences appeared between Mossadeq and Hossein Makki. Zaehner “believed all these tensions and differences were done by Rashidian brothers.”

**Efforts for Qavam’s Prime Ministry**

In the midst April, 1952; Qavam returned Iran from Europe. Aside from some influential traditional politicians; Taj-al-Moluk, the Shah’s mother and Abdol Raza and Ashraf, the Shah’s sister and brother, all had been protecting Qavam’s Prime Ministry. Dr. Hassan Emami, Tehran’s Friday prayer preacher, regarded Qavam as the only hope for solving problems. According to Henderson, the Ambassador of America in Iran, Qavam could be the best substitution for Mossadeg but authorities of the U.S. foreign secretary were not so desire towards this suggestion. The Shah was still against Qavam’s Prime Ministry, for his previous ruling experience, Shah could not take himself out of his mastery. Follow to Samuel Falle, Britain’s Embassy advisor in Tehran, “…the Shah desires to remove Mossadeq quietly. Also, it seems he has decided to have a weak Prime Minister…such an appointment would be disasterable…In our view Qavam is the only person that can confront with the present situation…the Shah’s indecisiveness is extremely dangerous in these crisis days…”

Coordinated endeavors of Mossadeq opponents in order to prevent his premiership boosted after announcing readiness of the Seventeenth Majles and Mossadeq’s resignation. In the morning of 6 July, 1952; the Shah called his three reliable advisors, Ala, the Court Minister; Lieutenant-General Morteza Yazdan Panah, the War Minister and Senator Ali Dashti and told them he was going to visit some of Senate and consultative Majles members over appointing new Prime Minister. Based on Henderson report who had a meeting with Ala yesterday, “All three of them have emphasized ruling continuation of Mossadeq is against country’s interests. They have recommended the Shah to
point out it in his visit with Senators and deputies. The above advisors asked if Mossadeq could acquire the majority, what they should do, but they were assured that Mossadeq could not acquire the majority.” 58 At the same day, America’s ambassador met Middleton Britain’s Embassy charge d’affairs delivered some instructions which had received two days before from London. Furthermore, he informed Henderson of new Majles speaker recent visit with the Shah and its result on emphasizing of Qavam’s premiership. Follow to America’s ambassador report, in the afternoon of 6 July Human, the court deputy, who was one of stringent dissidents of Mossadeq talked to some of deputies and senators opposed to Mossadeq and had said them by the Shah, “Vote for Mossadeq”. Human in reply to those senators about the reason of the Shah decision had said, “He is just bearer of the message.” Henderson reported that “Senators dissatisfied of Mossadeq’s Prime Ministry but they preferred him to Qavam”. He said at the end of his report, “…Shah believes not only Americans but British are supporting Mossadeq…” 59

**Mossadeq’s Resignation and the Insurrection of 21 July, 1952**

Mossadeq with informing of his second term ruling problems and 14 months experience of his ruling had resulted he wouldn’t be able to rule and vindicate Iran’s rights, especially after ousting AIOC and expulsion of British, till putting an end to illegal interferences of the Shah and Court. Except from changing the constitution in 1949, Shah was commander in chief and all armed forces. War Ministers were being chosen by the Shah from the time of assuming power by Reza Khan. All commanders of army staffs, large army unites and police were being appointed and ousted by the Shah. Government had no interference in army, defense and their political affairs. Shah’s relatives including Ashraf, his sister, regardless to the constitution had a large interference in the country affairs. She had not only interference in appointing and deposing authorities but also was one of the effective elements of allied and a factor of corruption and conspiracy. Based on these reasons, Mossadeq
decided to bring administration of War Ministry and armed forces affairs under government rein, also, acquire more powers from Majles in order to confront with political and financial crisis resulted from economic siege.

On 14 July, Prime Minister suggested in the session of the Majles, according to a single article to allow him especially permission to provide some proposals related to financial, bank, economic and employment affairs and after testing them make them ready for final approve of the Majles. Mossadeq asked for these powers regarding to the country situation and necessity of urgent decisions execute and essential reforms. On 16 July, without waiting for Majles official remark on his powers, Mossadeq introduced his cabinet to the Shah and asked for the War Ministry and appointing right of army staff head and armed forces commanders. After three hours talks, Shah rejected Mossadeq’s demand and at once Mossadeq offered his resignation. When Mossadeq asked the Shah for the War Ministry, Shah said, “So, tell I pack my suitcase and go from this country”. Text of Mossadeq resignations which broadcasted from radio and published in newspapers were as follows:

> “Before his auspicious imperial Majesty because of experiences in previous government and work progress in this sensitive situation it is necessary to undertake the war ministry position personally. But it was not approved by the Shah, of course it is better a reliable person inform future government and can implement royal intentions. It is impossible to end victoriously the combat which Iran’s nation has started in the present situation.” _Your devoted servant, Dr. Mossadeq, 16 July 1952_.

On 17 July, Majles was formed without the National Front caucus representatives and in that un-official session 42 deputies were present. 40 of them voted for Qavam’s ruling. The Shah, also, issued his premiership decree at the same day and granted him title of “Jenabe Ashraf” which had taken him away two years before. Qavam, regarding his before relations with the Shah,
was quite aware of quality of the Shah’s acceptance to his prime ministry. He, also, was aware of many deputies loyalty towards Mossadeq. He just counted on support of British and American embassies in order to convince the Shah for dissolving Majles. Loyal advisors of Qavam including Dr. Hassan Arsanjani who was appointed as prime minister political deputy on 18 July, believed Qavam’s success is contingent on taking the Shahs decree to dissolve the Majles. 61 But Shah didn’t want to dissolve Majles and considered it so dangerous. According to Arsanjani, Qavam was an aged, ill, tired and weak person because his 2 surgeries and one apoplexy, “he has not his previous will, he has been credulous, Dr. Sheikh believes if he doesn’t order his works he will die. His appearance says he is the man of 1945.”

Qavam after receiving prime ministry decree published a harsh declaration which had unfavorable result on public opinion. He as an old politician who had passed five previous ruling with big problems and crisis made people angry by this declaration. Parts of Qavam’s declaration are:

“…Iran has been affected a deep pain which is not curable by narcotic drugs ... especially in recent one year, oil issue has fired the country….I want all my people rich. Those who have damaged liberty in the pretext of fight with Red Radicals and Black Reaction have wasted all troubles of constituency founders in this half century. I respect religion and holy Islam but I keep religion and politics far apart and will prevent superstitious and backward thoughts publication …. Woe betide those are going to derange in my reformatory and peaceful acts or disorder public order. These agitators will be faced with my severest reaction….I warn public that rebellion days had been expired and obedience day of orders has been come.” 62

Raisal –Vozara, Qavam, 18 July
Text of Qavam’s declaration concerned even some of his near and reliable advisors. Dr. Arsanjani, the P.M. deputy, was saying Qavam during broadcasting his declaration from radio:

“Sir, have you taken decree of dissolving Majles? Qavam answers: Why? Arasnjani: After issuing this declaration you have to dissolve Majles at once and arrest every opponent, because basically it means you have sit powerfully on your seat and can do everything while it is not so. This declaration has been arranged so badly and in my belief there has been a conspiracy against you.”

Abbas Eskandari and Asadi affirmed Arsanjani’s view. News of Mossadeq’s resignation and prime ministry of Qavam and his strong declaration and after declaration of military governorship of Tehran to prohibit people of any rallies encountered with immediate reaction of people in Tehran and all over country. On 17 July, most of stores and shops and Tehran bazaar were closed. Resistance of Iranians was formed in that day by the National Front deputies through issuing an announcement, “we signers of this announcement are Majles deputies who have swore to preserve the constituent postulations and we undertake to support Mossadeq with all our force, because at the present Mossadeq’s ruling is not possible. Over 30 signs….”

Ayatollah Kashani supported Mossadeq and opposed Qavam in an interview and stated that “it is essential for every Muslim brother to dismiss imperialist with the help of Dr. Mossadeq. Iran’s Muslim nation doesn’t allow to any aliens and mercenaries to trample upon their country independence and their honor and magnificence which have been acquired through holy conflict….” On 17 and 18 July, people’s objection towards Mossadeq’s resignation spread and unrest encompassed the country. Armored military units came to streets along with tanks and settled in important and sensitive places of capital like University, bazaar and Baharestan square. Qavam’ol
Saltaneh started suppression of opponents and Kashani’s contact to him had also no result. Ayatollah Kashani had a prominent role in stimulating people’s feelings and armed forces. As a result, Qavam without informing the Shah secretly issued arrest order of Kashai but B.B.C. radio on 19 July exposed this plan before meeting Kashani, so it was left abortive.

On 19 July, rallies had spread all over the country. The biggest rally had been arranged by Abadan people. Oil installation workers had been went on strike. The Tudeh Party leadership in Iran has confessed to its nullifying in 21 July insurrection in Fourth resolution of central countries. On 20 July, Tehran was almost closed. All Silo, railway and bus service workers left their works and joint to demonstrations in Baharestan, Sepah Babz square and conflicted armed forces in which it remained many injuries and more casualties in the evening than morning. In the last hours of 20 July the Tudeh party leaders who had rebuked Mossadeq several times and had considered him affiliated to international imperialism followed escalated strikes and people’s objections and people’s movement. In the morning of 21 July, Tehran was closed. People groups by groups were going to streets while saying slogans in support of Mossadeq. This day was a turning point in Iran’s history. All classes including worker, officer, students, merchant, young and old were side by side. First conflict was started in Tehran’s market at 7:00 a.m. Armed forces started shooting people and one person injured. Meantime, students started demonstration and went towards city centre. Insurrection had been spreading moment by moment. Thousands were shouting “or Death or Mossadeq”, “Mossadeq is victorious”. “Down with Qavamol Saltaneh”. Keyhan newspaper writes: “….Shahed newspaper, Zahmatkeshan Party organ, Pan – Iran Party organ, Javan Democrat and towards future newspapers, Radical left organ all were being sold with each other. These three four groups were conflicting each other some days before and today they were rallying friendly side by side.”

66
Associated Press reported that “...near Tupkhane square, 3000 of people attacked but soldiers embraced people and kissed each other. It was a complete revolution in Tehran.....” Conflicts were more in Abadan, Ahwaz. It was eight hundred injured and killed just in Tehran, but people’s resistance were boosting. It was around 4 P.M. that armed forced stopped their conflicts by the Shah’s order. Qavam forced to resign and hid. Hossein Ala informed the National Front caucus of Qavam’s resignation. The National Front representatives announced this news through radio for the nation. At 7 P.M. thousands of Tehran’s people went to Dr. Mossadeq’s house. The National Front leader who was crying hard addressed people from his house balcony and said that: “I wish to die and not to see Iran’s nation in such mourn… O’ people I dare to say Iran’s independence had gone but you kept it with your courage...”

In the eve of evening 21 July, another big victory came for Iran’s nation, and it was about issuing vote of the International court over The Hague disqualification in surveying Britain’s complaint about Iran’s oil. This news completed victory of 21 July and had a large repercussion in the world Judicial and political circles. After declaring Qavam’s resignation, the Majles formed and 61 deputies from 64 present deputies voted for Mossadeq ruling. Majles called the Insurrection of 21 July as a “National uprising” and its killings as “National Martyrdom”. Undoubtedly, Shah’s weakness and his dubious in making decision led to this revolt victory but his main failure factor was political, ethical and power superiority of Mossadeq to his work. Qavam’s failure resulted from his miscalculations. Qavam had staged power by America and Britain’s help as a favorable P.M. who were going to solve the oil crisis through appeasement with London and Washington and turn off Iran’s people movement. But, he couldn’t rightly understand the Shah’s stance and power of Mossadeq leadership. Middleton considered the 21 July event as a turning point in Iran’s history and said that “Mossadeq returned his position as result of street unrests”. In his opinion this was because of internal forces cooperation
inside Iran’s society which before were looking each other as enemy”. The British charge d’affaires wrote in his 22 July report as follows:

“In my belief, it is quite obvious that the bloody 21 July revolt had been before arranged. Rabble-rousers of the National Front especially Ayatollah Kashani pretended this revolt as a bloody revolt … received reports indicate demonstrations were not only anti-monarchy but also anti-imperialist … in addition, behind this demonstration was a ruthless and cool will which is feature of communists … Shah let public and Tudeh party takes initiative of these rallies for his instability and weaknesses… I afraid we cannot prevent the country from going toward communism”.

Middleton writes about Mossadeq: “…His power is hidden in his rabble-rouser… I afraid of not deposing him through legal ways… There is no one around him whom you can logically discuss him. In my opinion his main incentive is his revengeful towards Americans and us and so he is doing everything in this way…. ” Also, Middleton’s report to Eden on 28 July 1952; over events of 20 and 21 July was as follows:

“On 21 July, Dr. Mossadeq and Ayatollah Kashani through a declaration emphasized on respecting to military forces and asked people to prevent any conflict with armed forces and police. In 29 of July Mossadeq’s Prime Ministry decree was issued and Dr. Seyyed Hassan Emami stepped aside his post and set out Europe. Furthermore, there was a massive demonstration by all parties and political groups for the International court verdict in Tehran. They were over ten thousands and it was in the same day, 29 July, that “Free officers” group in Egypt coupled by the leadership of “General Mohammad Najeeb”.”
Mossadeq’s Second Administration
(21 July 1952 - 19 August 1953)

One of the most important reasons of Mossadeq’s stepping aside from political scene was domestic problems not facing with the consequences of The Hague verdict. Now, it had been clear that the U.S. and its banks would not loan Iran with “any interest rate” unless, Iran had reached an agreement with Britain. Russians, moreover, did not desire to help Mossadeq’s government even they did not want to pay their war debts. 69 Government could balance foreign trade through very control on imports, reducing money worth and public expenses and despite cutting oil revenues they could balance domestic budget. Government had to pass laws for monetary affairs, main financial and economic issues. But problems would not end here. Government had promised to improve election law and through it solidify “basis of constituent polity”. It was expected a series of judicial, official and legislative reforms to be done in order to spreading social welfare to towns and villages. The Zahmatkeshan Party (Toiler) was demanding re-distribution of ground revenue among villages. 70 The Niroy-Sewom (third force) was demanding women’s enfranchisement and patriotic officers were asking for large reforms in Army.

From the other side, government had been facing with some obstructions regarding social and political reforms which budget shortage was one of them. The Shah and conservative ruling class (military or non-military) did everything to destabilize Mossadeq’s government by the British and American encouragement. Majles had an excessive power historically and constitutionally. For instance, publishing new banknote or circulations of existing banknotes in the treasury or even slightest decisions concerning this were done by the Majles. Despite of seriousness of problems, government could solve them if it had a majority in Majles. Most of deputies did not belong to an organized political parties so, their votes couldn’t be counted while
suggestive proposals by government. In every legislative case, it was necessary to negotiate with every single deputies or group member one to achieve majority in Majles. Even the parliamentary caucus of the Jebhe Melli which was a solid caucus was not performing like other democrat Parliamentary caucuses. For example, all 12 Tehran’s deputies were from the National Front, but five of them Makki, Baghaei, Haeri Zadeh, Zahri and Moshar-engaged Mossadeq’s government, and increased their enmity after October 1952. The National Front deputies in towns even acted worse than this.

Hindustan from the time of its independence has occasionally suspended its constitution. Mossadeq asked Majles to abdicate legislation to government for a six month period in some grounds and at the end of this period government would offer Majles some laws for approving or rejecting. This view had been posed before but never experienced. Drawing Senate agreement was more difficult than Majles agreement because half of senators were appointive and other half were elected during different stages. Government knew without such powers it wouldn’t be able to control domestic and foreign enemies. Dr. Hossien Fatemi had posed abdication power to government even before the 21 July Rablt in Bakhtar Emruz articles. Fatemi wrote in 13 July article:

“Dr. Mossadeq’s government has prepared some beneficial financial proposals to make a balance budget. When country budget would be balance and government would be independent from oil revenues for current expenses and its development programs, oil issue will be solved according to people’s demands. But, till the government won’t be balance and London would expect government bankruptcy and government cannot do anything for monetary shortage, financial pressure and economic siege of Britain will continue.” Also, he wrote in his article on 15 July:
“From ten years before till now government budget was approved monthly and based on one twelfth of its previous year performance, and every year government has faced a large amount of budget deficit. Governments have borrowed millions from Iran’s Melli Bank and never succeeded to repay it. Furthermore, those governments had oil revenues. Today, government faces financial crisis, if it wants to continue its previous methods, country bankruptcy would be inevitable. How is it possible poor people pay tax but rich ones are exempted of any taxes” How is it possible offices remain in rusty and corrupt shape while they need main reforms. If answer would be yes, Dr. Mossadeq doesn’t need any power investment.”

The 21 July Revolt along with Iran’s victory in The Hague caused Parliamentary balance. On 30 July, Majles unanimously voted for Mossadeq’s government. The investing bill passed by Senate and consultative Majles and received royal assent within a month. Power had been invested to Mr. Dr. Mohammad Mossadeq the Prime Minister. Government was allowed to revise election laws of Majles and municipality, improve financial and monetary system also amends official and military system along with judicial, education and hygiene (health) system. In January 1952, Majles extended investing power for one more year.

Legislation and Social Reforms

Pressure for “Land Reform” execution was much by the Zahmat Keshan Party. Khalil Maleki asked for Land distribution among peasants through party Press. Dr. Baghaei had an official speech in Majles – its text was prepared by Khalil Maleki – and defended comprehensively land reforms. While oil issue had not solved, such reforms were impossible. Instead of land reforms, a proposal approved according to investing power law which obliged landlord of village to return peasants 10 percent of possessry interest and keep another 10
percent in a box to use for developing and flourishing villages under village association. After the 1953 coup, this law abrogated. Another important issue was high rent of house and low civil incomes. In August it was permitted finance ministry to sell state lands in small parts for making house. In winter of 1952, house rent for low income classes reduced 10 percent and it was for attempts of the third force in its newspaper. This newspaper continued its endeavors till passing a law by Majles for protecting of civil lease holder. Building bank which had been newly made by government began to build cheap houses. This bank could execute two big building plans in Nazi Abad and Narmak and give the low price houses to low income classes.

The law which Mossadeq passed it in winter of 1952 was for support of workers and officers. It is so comprehensive that we cannot explain it briefly here. Law has 96 articles and its basis is making a social welfare organization for workers. Sick workers and those who have been injured and their families should be put under insurance. Cashes –for marriage, child birth, or die – and complementary welfare advantages for worker with many children and unemployment insurance all were unprecedent in Iran. Detailed laws and regulations over sickness, retirement advantages to families were compiled. Parts of its budget were providing by insurance companies and governmental ministries and other parts were providing by employers. Two third of expenses were paying by employers and one third by employees.

Amending election laws which government promised was put to public debate. In this regard a proposal also was compiled but stopped at this stage. It was because of powerful and conservative religious leaders dissents especially Ayatollah Borujerdi in Qom and Ayatollah Behbahani in Tehran – with women enfranchisement. Third force and its women’s part, which was women organization of the Jebhe Melli, were seriously following affirmation of women enfranchisement. For this mean, a committee of mentioned women visited Mossadeq over the proposal. Mossadeq said if people wanted such
amendment he would protect it. His refer was to clergies power and restoring traditional feelings of people and intriguing them against government. So, no laws affirmed in Mossadeq’s government over amending of election laws, except municipal laws which substituted people’s power instead of government power. But this law, also, was forgotten with the 1953 coup. Another enterprise such as improving tax laws, also, was done in Mossadeq’s government and judiciary and military amendments was also very important.

Reforms in Armed Forces

When the World War II has been come to Iran, Iran’s army spiritually and temporally was annihilated. Army did not courageous resist against the Allied Forces without any pride. However, this disgraceful failure was more political than military. Occupation and recess caused to a prominent fall in military ground. Razm Ara tried to amend army organization at the time of his premiership. He hoped to escalate army budget but before that he was murdered. Salary and future of young officers was disappointing and little. At the end of 1940s, if a colonel wanted to be a brigadier-general, he should presented 50000 rials plus a silk small carpet. For this reason and other numerous reasons young army officers were very political. Those whose patriotic feelings had wounded went towards the Tudeh party and became its military part member. Others who were from Air Force constituted patriotic officers network in 1951. Aside from their different ideology they had other main differences. For instance, patriotic officers were not member of any political party except some who were members of the Iran party. No political organization had interference in their organizing. They were completely self-help and self-stimulated. Among them were some senior officers including six brigadier-generals, but they had not Messiah redemption ideology or a protecting international power. So, they had no organization and order of those ideologies.
Their practical leader was brigadier-general Mahmood Afshar Toos who was so famous for his merits and nobleness. He was murdered by opponents of Mossadeq’s government in March, 1953. At the time, he was head of country police headquarters, and its was spread everywhere he has had bad behaviour with the Shah Reza’s peasants in 1920s and it was for taking rank. But, never had it published documents or witness. Executive committee of patriotic officers consisted of Afshar Toos and four colonels which Mossavar Rahmani was from Air Force. Brigadier – General Mahmood Amini – Dr. Ali Amini’s brother – and brigadier-general Hossein Azmoodeh were its other significant and respectful members. Brigadier-general Azmoodeh was one of the founders after separated group and became military court prosecutor of Mossadeq’s hearing.

According to Mossavar Rahmani, Patriotic officers group was following four aims: help to establishing democratic polity; supporting Mossadeq for his democratic; aid to draw out army of the Shah’s mastery and solidify its position based on the Constitution; clearing army of corrupt officers and individuals. They contacted Mossadeq voluntarily and rendered some suggestions and asked him to aid them in implementing their goals and their first suggestion was undertaking War Ministry by Mossadeq. Mossadeq accepted their demands and promised them in the case of taking the helm the war Ministry covered other demands. It was the time that the Shah rejected Mossadeq’s suggestion and solving it postponed after 21 July. Reason of Shah’s retreating were news indicating disobedience among Air Force individuals and some of tank commanders not only didn’t fire on demonstrators but also joint them. At the time Mossadeq undertook personally National Defense Ministry, patriotic officers suggested him to retire all army commanders because they were corrupt or betray to Mossadeq’s government. It was possible through an organization inside armed forces to purge all corrupt and demerit and traitor forces and brigadier-general Amini would appoint as Army staff head and brigadier-general Afshar Toos as Police Headquarters head. Brigadier-general
Bahar Mast, trust officer of the Shah, remained in his position as Army Staff head till 28 February 1952 that his trait cleared for Mossadeq. Subsequently, Mossadeq ousted him and substitute brigadier-general Amini laghi Riyahi for this position. Brigadier-general Taghi Riyahi was one of Patriotic officer’s members and Iran’s Party member and close friend of Ahmad Zirak Zadeh head of Iran’s party.

Follow to Mossavar Rahmani, Mossadeq, at first, was concerned about expulsion and retirement suggestion of all army commanders, but at last, most of them were retired with complete salary. About other army individuals, Mossadeq suggested every military unit sent a representative to research committee and at last this committee decided over expulsion and retirement of 1360 army men. Mossadeq gave this suggestion to his three military advisors who had been introduced him by the Shah and they agreed just to 136 of the above list, so, those 136 retired with complete salary. This case worsened condition for Mossadeq’s government for suspicious persons remained in army and retired were organized by Zahedi in retired officers club and began their conspiracy. For sometime, they had been gathering in front of P.M. house or office and they had been one of government disturbances. Many of them were active in conspiracy and act against government and took part in assault to Mossadeq house on 28 February 1952. Murder of Afshar Toos and the 1953 coup were other acts of this group.

**Judicial System Reform**

Judicial system reform was one of the acute and confirmed problems. Justice administration was encompassed by corruption while it was one of the constituent elements and was inefficient. Mossadeq and his assistants felt themselves so close to judiciary system for most of the government leaders were significant judges and lawyers. Mossadeq appointed Abdol Ali Lotfi as Justice Minister and Mohammad Soruri as Supreme Court head. None of them
were member of the National Front. Lotfi was an eminent and respectful Judge who had never serviced in a political post. Soruri, also, was a prominent judge. He had serviced in Justice Ministry and Financial Ministry posts in 1940s, but in 1948 he rejected Shah’s suggestion for Prime Ministry, furthermore, he did so in 1942 and 1979. In the early 1952, he strongly recommended Mossadeq to accept mediation of the World Bank for solving oil issue.

Mossadeq used his legal powers which Majles invested him and improved judicial system through different ways. In new Supreme Court by head of Soruri, some noticeable and independent judges were appointed. Judicial Commission formed to survey judges’ corruption and Justice Minister could act with blank check regarding to commission report. Till that time, Justice Minister could appoint and replace judges, but after it was ordained a committee consisted of a head and two selected Supreme Court judges just had the right of appointment and disposing judges. All special, official trials—especially army prosecution – were dissolved and their duties turned over to Justice Ministry. Instead of official court, Supreme disciplinary court of judges formed. Perhaps, we imagine Mossadeq has been deviated from pragmatism. But, it was part of government commitment to establishment of democratic government. And then, most of these amendments were done by government and judicial system, without any pressure by the people. Only, a few percent of voters could understand political and social concept of these reforms.

Although, there was no pressure by people for these reforms but, conservative circles had strong pressure on government to stop reforms. Immediately after the 1953 coup, Soruri and all Supreme Court judges were disposed without any official ceremonies. Indeed, it was done in absence of Parliament and in the recess. Lotfi paid more for implementing reforms as Justice Minister. He was a political person and was not imprisoned for long time, but when he freed from jail his house assaulted by thugs at the head of an
in famous judges who had been expelled through reforms. They made Lotfi blind and broke his rib and side. He died in hospital for harsh injuries. Although, regime knew attackers well but didn’t punish anybody, One of these roguish leaders, later, became Interior Minister and through an imaginative wealth stayed in Europe.

Nationalizing Shipping in the Caspian Basin

In January 1952, the Soviet Union suggested Iran over revising concession of Russian shipping monopoly in the Caspian Sea and fishery around Iranian Ports in the Sea. This concession, at first, had been given to a Tersarian Russia national named “Lianazop” and its period would be finished in 1924. Samsamol Saltaneh’s Cabinet nullified the concession for “Lianazof” had not done his financial commitments to Iran’s state. In 1921, it was referred to arbitration, but he could extend the concession for longer period. In 1926, the Shah Reza accepted to transfer the concession to the Soviet’s state for 25 years more. At the time, Mossadeq disagreed to the concession extension. 79 But, before ending the concession period in January 1952, the Soviet state was going to extent it for some more time. Mossadeq rejected the Soviet’s demand and told the Soviet ambassador that he should expect Iran who was vacating the British oil concession to extent the concession for Russian state. 80 At the day, fishery concession of the Caspian Sea nationalized and it turned over Iran state. The Niroy Sewom (third force) leader wrote:

“Iran’s state rejecting of fishery concession extension in the Caspian Sea should not be considered as a sign of Iran’s unfriendly behavior towards the Soviet Union. Iranians want to have friendly relation with Russians and keep up their economic, cultural and political relations…the Soviet state should be sure Iran’s nation are not going to shut down their friendly relation with the Soviet. But, this friendship should not be based on previous regulations. If the Soviet Union doesn’t
respect Iran and its independence and freedom, they should expect Iran no friendly relation.”

Next day, on 2 February, Ayandeh, the main organ of the Tudeh party, attacked Iran’s decision over nationalizing fisheries and wrote that,” defense of the Soviet Union is defense of Peace, freedom and national independence.” The day after, they attacked harsher and announced that, “third forces spies want to break Iran- Soviet relations and are providing the ground for more destructive influence of America imperialism in our Country,” and then continued about Mossadeq and his government as follows:

“The fact is Iran’s government is representative of Feudals, bit Land owners and main capitalists who are dependent to imperialism. This government can not again preserve Iran’s nation interests. So, it can not be accompanied with the Soviet’s government politics, a politics which is provider of peace, freedom and happiness for all of the world people”.

Ayandeh and Shahbaz other Tudeh party newspaper, at first denied the soviet intention one extending the concession of fisheries, but following to declaring by Tas Press, they retreated. Mardom, the official organ of the Tudeh party central committee which was publishing secretly but easily distributing declared official view of the Party on 12 February as follows:

“On 21 January, 1952, Iran’s fishery company operation had been stopped, so, the Soviet’s government suggested Iran’s government to extend concession period, this suggestion was in the interest of both people and country. In spite of obvious facts, Mossadeq’s government despite of our people and country interest and in the direction of his foreign masters orders officially replied the Soviet Union suggestion and announced his government is not going to extend activities of common fisheries companies of Iran and the Soviet because time of concession has been ending. Iranians consider this anti-national act of Mossadeq as
an obscene one and believe the motivation of it, is animosity with people interests and following of imperialist masters who control Iran’s present politics."

Apart from other cases, this writing shows anonymous trend of the Tudeh party towards Mossadeq exactly two weeks before the 28 February 1952 event. However, the Tudeh Party and conservative dissidents of Mossadeq – both- have claimed after the 21 July revolt they have been protecting Mossadeq. There were not many social and economic changes during his 2 years and four months rough ruling. However, developments and changes were more than those dissidents and enemies of Mossadeq claimed. Reason was shortage of sources and domestic budget and foreign exchange. But, there were another reasons like: Strong international and national opposing in order to destabilize polity and its destruction by America, Britain, Shah, Iranian conservatives and the Tudeh party, stimulating religious fiat (Fatwa) by religious leaders over land reforms and women enfranchisement which was against Islam precepts (Sharia). Anyway, may be more significant reforms of Mossadeq be political and social decentralization, democratization of laws, offices and army and other protective acts of ordinary people. All these reforms showed themselves after Mossadeq in Social and economic development of Iran. They were more fundamental than establishing huge dams and assembly industrial factories.
Oil Issue and Economy without Oil

If Labor government of Britain had been succeeded again in October 1951 Parliamentary election and had stayed at power, oil issue might solve peacefully. Of course, Attlee’s labour government never accepted to finish the oil issue without any concession but this government accepted principle of Iran’s oil nationalization, while next conservative government did not accept this principle. There are some evidences show the labor party was ready to receive compensation and leave concession claiming. (Stockes’s letter to Attlee in September). But, the conservative government was not ready at all to reach an agreement with Mossadeq’s government unless Mossadeq retrieved and allowed Britain to return its previous position. Study British Press and memoirs of Anthony Eden show conservative anger of Mossadeq. Published documents of Britain indicate conservative government intention to subvert Mossadeq’s government at any cost. Regarding this situation, conservatives were not desire to have conversation. Instead, they could successfully stimulate America against Mossadeq and the National Front. Mossadeq and his colleagues’ had been apparently saying that, nationalizing oil has more political reasons than economic ones. Baghai said in Majles during Razm Are Prime Ministry that he wished explosion of Iran’s oil resources by atomic bomb but not dominating by AIOC. ¹¹

History has proven the point that attempts for establishing democracy, freedom, rule of law and removing political and financial corruption and achieving economic and political developments would be impossible until foreign concessionaires activate in Iran. The Constitution Revolution and overthrowing Reza Shah’s despotism could not be useful. Increasing interferences of Britain and Russia in Iran’s domestic affairs in the 19 century was more for acquiring commercial concessions. These concessionaries and their governments gradually escalated their interferences in Iran’s domestic
affairs not to sustain their concessions but to boost and acquire more concessions. Moreover, as a power was acquiring privilege, other power was going to obtain more in which positive balance between their interests was establishing.  

Country had not real independence. More worse was fear of Iranian statement and authorities which brought about election fraud and cooperating in government forming or going to dissent front and so on. In such condition speaking of democracy was nothing more than self-deceit. So, all foreign concessions should be revoked, it was a momentous point, no other concession should be invested to non-Iranians because concessionaire made part of country as his autonomous area. In such situation, it was possible to eradicate despotism and backwardness and to fight against despotism supporters in the country. For this reason, Mossier and his colleagues were ready to settle oil issue with Britain at any economic cost, but meanwhile they were determined to not invest any other concession. Britain’s view was more explicit and understandable both at the time and after the crisis: In 1923, ADIOS was ready to exchange primitive concession of D’Arcy with an international authentic contract with Iran. In 1951, Iran nationalized illegally oil industry and following it took possession of Khuzestan’s oil installations. So, British company and government were considering their stance taking back as their right.  

Britain’s political attitude solidified with conservatives staging power in 1951 and so there was no hope to settle the oil issue between Mossier and Britain. Four years later, when Anthony Eden shouted on Anthony Nating over Abdol Naser, “I want him to be removed,” in deed his voice had past resonated. In such situation, how it was possible to survey Iran’s complaint against AIOC by Britain, or understand it and reply and come to an understanding. Iran claimed that the 1933 Accord has been signed by a despotic and obstinate ruler after Britain’s order or threat. Iran has been
financially damaged more than D’Arcy accord from the 1933 accord; company has not responded Iran’s government demand and has not delivered Iran account statement and operation documents it has not informed Iran of oil selling conditions to the British Marine. Iran was accusing the company based on identical reasons that it has stolen large amount of Iran’s oil through establishing hidden underground pipelines from Iran’s soil to Iraq. Iran’s complaint included autonomous government of the company in a part of Iran, their bad behavior with local people as second-class citizens, discrimination between local and foreign workers, officers and low salary of Iranian workers. Documents were showing just 10 to 12 percent of pure profit of company had been paid Iran as concession right while company’s amount of paid tax to British government had been 30 percent.  

Apart from all these, government was asking why an independence and sovereign government could not nationalize its sources and industries. Do Britain’s labor government and other European states, which nationalize an industry in their country, steal their citizens’ properties? British circles were replaying through Daily Express and Manchester Guardian that “it differs in Iran’s oil issue. Here is Britain’s state and a possession that Britain has acquired through an international contract. While, this reason adduces against them; Properties of British citizens are holy and peaceable. Freedom and independence of these citizens have been guaranteed by Britain’s official and common laws, which legal agreement between citizens or between citizens and government or between Britain with another state can be holier than this right of British citizens? Nevertheless, we see that these legal and holy laws for obvious social and legal reasons are violated. British state can nationalize its citizen properties as it has done before and is continuing. Apart all of these, the 1933 accord have contracted between Iran’s state and AIOC not British government.
Groping for a Solution

Stokes’s mission faced failure for the British state insisting on constituting other company like consortium – which was done after Mossadeq’s overthrow. Stokes’s suggestion was on the contrary with oil nationalizing principle and its political grounds. Mossadeq stressed any oil amount demanded by the British state and other previous buyers of the Iranian oil could be prepared by INOC. Also, Iranian government was going to pay AIOC compensation based on its shares worth before nationalizing, that is to say the same thing that had been done in nationalizing process in Britain and other countries. INOC was ready to hire British technicians and European directors – not British if it was necessary. Stokes accepted none of these suggestions and insisted on forming new company. In Mossadeq’s visit from the U.S. for participating in sessions of the Security Council, George Mc Ghee was going to settle problem with his very favorable formula. According to it, Iran was selling its oil 1/10$ – that is to say 65 cent less than the Persian Gulf oil price which was 1/75 – to Britain, this discount was for compensation of nationalizing oil. Following the debates which Din Acheson had participation in it, Mossadeq accepted the formula. Acheson left Washington to Paris for discussion with Anthony Eden and asked Mossadeq to stay in America until his return and receiving British response. Possibly, Americans were so optimistic towards British reply, otherwise, they did not keep Mossadeq waiting for immediate response.  

If it was like this, Americans had been so much disappointed. Meanwhile Eden refused Acheson’s suggestion told him to let Mossadeq hang on himself with his rope. Moreover, he notified Acheson that Americans fear of communists substitution instead of Mossadeq has no foundation and basis; talks with Mossadeq is also useless; moreover Mossadeq and communism there are another more favorable alternatives just they need time to come up if especially west unanimously boycott Mossadeq. Eden stressed that it is better
for America to leave the oil issue for Britain itself to solve and finish it. Even Eden allusively promised Americans can have some shares of Iran’s oil after settling the issue but Acheson refused the suggestion with generosity. Eden asked Acheson the old man who was waiting for good news at Washington to send him back to his country. The World Bank suggestion over Iran’s issue was consisting of:

   a) Re-starting production and selling refinery and crude oil from Abadan for a two years period which can be extensible with both sides agreement.
   b) Each oil barrel should be sold 1.75$, 80 cents as indemnity to British government would be paid and from remain 28 cents to Britain and 37 cents to Iran be belonged.
   c) Non-Iranian technicians can be used, if it would be necessary.

At first, Mossadeq appreciated the suggestion. Of course, 1.75 $ for a barrel was a low price, 58 cents main discount for Britain as a major costumer was much but Mossadeq’s or Iran’s government concerns were more important and identical:

   1) Employing British directors and engineers by the World Bank was not acceptable by Iran, however, it was not the main point and it could be solved;
   2) The World Bank should act as a neutral and trust worthy institution for both country not as Iran’s agent. This case caused to reject all the suggestion.

Iran’s complaint may seem a literal quarrel but it was like that, because legally the neutral stance of the World Bank ignored Iran’s outing of AIOC. There was no surprise, Bank was not in a position to recognize or deny the outing. Importantly that Britain was also not ready to recognize the World Bank as an Iranian government agent. If they did so, there would remain no
quarrel and different. The Tudeh party was following a harsh conflict against acceptance of the World Bank suggestion and even when Iran rejected the suggestion the party claimed that Mossadeq had accepted the suggestion. “People will believe our words because they see events which confirm our views…..when secret deal with the World Bank….approved our ideas correctness about Mossadeq and his rabble-rouser group; our people’s enemies face will be cleared and people can see his traitor face.”

Mossadeq’s government tragedy was that he did the same thing that opposite side, Britain was going to do, that is to say rejecting the World Bank suggestion. Britain was not going to reach any understanding and normalizing Oil Industry of Iran and remove its financial crisis. Britain was determined to acquire a new concession and take back its indemnity fully until 1990. Therefore, if we do not consider Mossadeq’s decision over rejecting the World Bank suggestion as the biggest mistake during his political career at least it has been his biggest ruling mistake. However, we should not forget the price of which Mossadeq had to pay in the case of accepting the World Bank suggestion. All those who are familiar with those days Iran’s politics know that the acceptance of oil price in 1/75% per barrel and later its distribution quality and obstructs and problems on the way of disposition, all could show Mossadeq as British or American puppet for Iranian people. The brilliant victory of Mossadeq in 21 July revolt and following it the Hague verdict for Iran all made him more eager to finish the oil issue. British government failure both in making large changes in the Iranian government structure and in the Hague judgment forced this government to take more rational stance against Americans. On 2 August, Iran demanded repayment of tens million pounds of AIOC debts and making free Iran’s exchanges in the British banks. Nevertheless, the British government suggested new formula for this demand. The new formula had no even smallest change in the British stance, but it was diplomatically a shocking stroke. Having America’s support led to be famous as Truman- Churchill suggestion.
The formula consisted of Iran’s voluntarily turning over the issue of paying indemnity to the arbitration court, because this court had voted for its disqualification without Iran’s desire. Remaining cases included sale of the present, ready and stored oil by AIOC, making free Iran’s exchanges from the British banks and 10 million dollars loan by America to Iran. All of these were marginal issues on the first issue. The U.S. ambassador suggestion faced with failure, too, just because of Britain’s insisting on receiving compensation until 1990. Suggestion of Loy Henderson, the U.S. ambassador, was as follows:

a) Iran’s agreement with selling 200 tons of Crude oil in next 10 years to British with price 1/75 $ per barrel which 33 percent of it should be discounted; that is to say 1/17 $ in each barrel.

b) Iran’s agreement to turning over the indemnity issue to The Hague. Mossadeq agreed this suggestion conditional on Britain declare its utmost loss amount. This suggestion of Iran comparing to its previous one, determining the losses based on the day market, was a retreat by Iran. Instead, Iran had been citing that every legal lawsuits, claimant and creditor have to determine his demanded amount. Britain did not accept this condition for it should retreat from its previous stance in receiving company loss until 1990.

Mossadeq was still hopeful to settle the oil issue but the British side had believed that there was no hope to reach understanding with Mossadeq. From this time to 19 August 1953, Iran and its oil were disappeared from the British Press and Parliament. It should not forgotten that two goodwill oilmen- Loy and Ross-offered some suggestions and this misled Mossadeq because he was thinking of their suggestion as a diplomatic trick, so, he seriously embarked on examining their suggestion in order to find out their trick. 91
Oil Issue

Mossadeq was ready to pay the ex-company indemnity and declared it several times. It had not been considered any condition for talk except not returning the ex-company to Iran. Nevertheless, Britain was going to acquire another oil concession or paying indemnity to the ex-company until 1990. In other word, there were two ways for Iranians: ignoring oil nationalization or paying compensation to the oil company, and just the compensation for the next 40 years benefits of Iran’s oil production and selling.

Here, there was another point except legality or illegality of the 1933 Accord. Every independent state has legitimately the right of nationalizing any of its active industry and paying compensation for it. In other word, apart from the legality basis of the 1933 Accord, the Iranian state could legally nationalize its oil and pay compensation of the ex-company. The Iranian government set forth the illegality issue in reaction to incorrect demand of the oil company and the British government. For, they had been demanding remaining forty years compensation until end of the Accord in 1990. It is as the British state is going to pay indemnity to all coalmine owners for nationalizing them, while indemnity basis, capitals price and the company stock was based on the day market price at the nationalization time. For this reason, the Oil Company and British government were ignoring Mossadeq’s suggestion on the ground of paying indemnity to the company, according to nationalization regulations of European and British industry and mines. Mossadeq’s obstinacy was for ruling basic principles on solving difference between the two countries. Iran had not as enough power as Britain to preserve its basic principles. So, both sides restored an erosion was which Iran was its loser.

Main weapon of Britain in this battle was Iran’s oil sanction. At this point, Iran understood the main problem was not technical problems of refinery but it was the economic-political problem of crude oil export. The ex-company
believed Iran’s oil is theirs and its selling is illegal. Others including American huge oil companies, joint the sanction and prevented to buy Iran’s oil in order to help the sisters companies and to warn other oil exporting countries not learning these “bad” lessons. At the same time, oil production volume in other countries including Kuwait had gone up in which it could fill Iran’s oil shortage in the World market. Presence of the British warship in the Persian Gulf was a reason for Iran’s oil buyers to be dissuaded of buying and exporting Oil of Iran. Therefore, Iran’s oil revenues cut off and this was the great economic problem until subverting Mossadeq’s government.  

**Strategy of Economy without Oil**

Not Mossadeq and his government, but his dissidents which took a united position in the Majlis for a while, believed and hoped that Britain accept a solution and the U.S. would give Iran financial helps. However, even before the World Bank mission entrance, it was obvious that the U.S. would give Iran no financial help. On 24 November 1951; Mossadeq reported his journey to the U.S. for the Majlis and elaborated about receiving help problems from America. Jamal Emami, leader of government dissidents in the Majlis, said that, “all Iran’s conflicts have been for receiving the U.S. helps and escalating Oil revenues”. Mossadeq replied that, “he will never sacrifice Iran’s independence and sovereignty for achieving America’s support”.

Concerns over seriousness of economic conditions were not limited just to the high class. From the early, they were complaining about government policies and shortage of luxury goods imports. Indeed, their dissatisfaction was a repercussion of public discontent. Direct and indirect evidences show that government has been aware of people economic problems. In addition, these evidences indicate government was going to find a solution and make the country independent economically from oil. According to documents, he had finally succeeded to do it. However, Mossadeq did not try for economic
misconducts, but it was some refers in the martial tribunal to it. In the late of
his trial period, he considered independence of Iran’s economy from oil and
gradually improving of the Iranian economic conditions was considered as one
of his government subverting reasons.

Before oil industry nationalization, the seven years program of
economic development has been compiled. This program had been
emphasizing on rural development and boosting economic-social
infrastructures through under-priced projects. 93 37.1 percent of this program
budget had been anticipating from oil revenues and 31.9 of it through loan from
the World Bank. Stopping oil exploitation operation and its export, economic
siege of Iran by Britain, refusing the ex-oil company of paying Iran’s
concession till the nationalization and closing Iran’s assets in British banks, all
stroke Iranian economy. Oil revenue which was a basic source of export
revenues and complementary for internal consumption and investment cut off.
For many years, gold and exchange sources have been cover of domestic
money. The law of 1942 charged “supervision committee on money” with
monetary affairs and publishing bank notes. Based on this law, 60 percent of
Iran’s current money had gold cover and converted foreign exchange sources
was another 40 percent of Iran money. This law was abrogated in 1946, but it
had been using because no other law had been adopted. 94 Losing oil revenue,
which was an extra-ordinary amount, had unpleasant domestic and foreign
effects on the country’s economy. For this mean, government took some
decision to confront with the problems due to non-balance and providing
domestic expenses.

International Trade: Policy and Performance

Payments balance took consideration of government more than any
affairs, so, government embarked on some actions to remove payments balance
deficit. In the Reza Shah era, according to commercial monopoly law
legislation of 1931 and 1932 foreign trade including import or export came under control of government. Government had been determining in sharing system of import for worth of all import goods. This was regulated for all import goods. Import of some goods was completely abandoned including Luxury goods. Being resigned the Reza Shah in 1947 had important economic repercussions which more activate private part in foreign trade was one of them. In 1946, tea was the only main import good, which was under monopoly of government. Sharing system of import remained unchanged but after improving foreign exchange sources, government could solve determining of maximum goods and also import main goods. The year 1952 and first months of 1953 until the 19 August coup, was real period of economic crisis. Government seriously gave attention to economic problems for both oil issue and not having a hopeful perspective, also because of finishing foreign exchange stores. Before, it was cited that Iran’s monetary cover was gold and foreign exchange, so, foreign exchange could not be paid for foreign deals. Of course, it was a non-essential limitation, which, government had made for it. Basis of this kind of thought was relating to a 20 years before economic school that was not credible at the time.

For facing with foreign exchange deficit, imports divided into two parts of essential and luxury goods import. In exports, also, goods divided into slight customer and full customer goods. Essential goods were importing in lieu of exporting full customer goods, but luxury goods had less chance against exporting slighter customer goods. Imports of goods such as meat, chicken, weapon, tires and so on were banned. It was contracted agreements with France, Germany, Italy, Hungary, Poland and Czechoslovakia. Moreover, some actions were done for encouraging exports to free markets. Fortunately, international market of buying goods were flourishing at the time and Iranian non-oil goods were easily finding their customers in the global markets, especially reducing rial worth had caused that salesmen of these goods easily vie in international markets.
Among encouraging enterprises of government in export and import ground, reduce of rial worth was more effective than all. Official rate of rial equality to dollar was 32/5 rial for each American dollar. Determining foreign exchange rate had a complicated process and market rate of rial was lesser than official rate. Government embarked on issuing foreign exchange certificates. These certificates could be purchased or sold in import or export process. Reduction in offering foreign exchange was leading to increase certificate rate in market and reduction of local money worth. Main goods such as food and medicine were importing the country with low rate foreign exchange. But, other goods had been buying based on market higher rate and foreign exchange certificates and priorities. Market foreign exchange rate was drastically changeable. Government which had issued many foreign exchange certificates, and at the time of necessity, government set out purchasing or selling them in order to exalt or reduce foreign exchange rate in the market. In some cases, government helped to increase rial exchange worth. In general, equality rate of rial against dollar was going to reduce in which dollar rate from 40 rials in 1950 reached to 100 rials in 1953, that is to say rial worth had reduced 250 percent. It led to escalate price of import goods and reducing price of exportable goods and helped significantly to balance of payments in foreign trade.

According to the table 1, we see that government could successfully amend payments deficit despite cutting oil revenue. Main reasons of the government success consisted of continuant increasing of non-oil exports, significant reduction of imports due to sharing import goods and escalating customs salary, and especially reduction of rial worth.⁹⁶
Table 1

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<td>b) Current</td>
<td>992</td>
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<td>592</td>
<td>3442</td>
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<td>c) Total</td>
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<td>-1980</td>
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Source: The International Monetary Fund, International Monetary Statistic, October and December 1955.

Financial and Monetary Policy

Cutting of Iran’s oil production, refinery and export was a sudden shock not internal part but to foreign trade economy and foreign exchange sources. One of the oil sanction effects on foreign part was Iran’s deprivation from foreign exchange of oil revenues, but in internal parts, both negative effects of income and expenses were effective. Income effects were consisted of all direct and indirect revenues that the second one was due to the ex-company operation
like tax on salary for non-Iranian staffs of the company and custom incomes of goods that were non-covered of custom exemption. This income sometimes included 30 percent of direct incomes. Expense effects were consisted of salary expense of Iranian staffs in the ex-company and all expenses of INOC. In sum, income effects were over 1.5 billion rials and expense effects were over 2 billion rials, that is to say Mossadeq’s government had 3.5 billion rials annual budget deficit for cutting off oil revenues.

In order to increasing public income of the government, some actions were done. Escalating tax on income was not much successful, because government was not so effective in collecting taxes. Government just could increase its income through escalating indirect taxes which large part of it was custom operation. 1950-1954, customs revenue on importing goods boosted from 43 to 71 percent. It should be noticed that imports had mainly reduced in this period, especially importing luxury goods which had high customs duties. Another source of government increasing revenue was boosting price of some goods such as cigarette, tea, sugar and opium. It was a part of indirect taxes and government could acquire a noticeable income through these monopolies. Selling foreign exchange in order to escalate government revenues was not an easy and customary way. Government should sell 14 million lives from its foreign exchange sources based on legal ground of August 1952. In October 1952, the Majlis allowed government to print and publish national loan papers in amount of 50 million dollar to official rate of foreign exchange with 6 percent interest. These papers were re-payable after two years. Each loan papers were 100 rials, they were going to publish it in four times and each time 500 million rials. Nevertheless, it printed and published just once. The country was poor and it had been poorer for losing oil revenue, richer had no desire to help government through purchasing loan papers. Official rate of loan paper interest were practically less than official and unofficial market rate.

Theoretically, foreign loan was an effective and useful way. But, the U.S. was not going to have other financial aid to Mossadeq’s government
except current customary and technical aids through the four principles. The Soviet Union, also, helped at all. Even, they did not repay their debts of wartime. In the early of Oil nationalization, government hoped to be given a 25 million dollars loan with 3.5 interests from American bank of export-import, but the Senate agreement was necessary on it. In July 1951, a proposal offered to both the senate and consultative Majlis to allow government for taking the loan. After a while, Iran-Britain talks on oil issue defeated and then dispossession event happened. After the time, Americans postponed the loan or any aid to settle oil issue and in spite of rumors the 25 million dollars loan was never paid by the American bank of export-import.

Government had no choice for budget and deficit balance, except through internal financial and monetary policies including increasing bank note volume. In September 1952, Mossadeq invited Dr. Schacht, a German financial expert, to come Iran for consulting. There is no evidence of monetary policies recommendation by Schacht to the government, but there are some references in Iran’s Press and it seems that Schacht had not believed to Iranian customary policy over publishing bank notes. Schacht has been practically performing like Kinz many years before publishing general theory of John Minard Kinz. Therefore, there is no surprise if he had suggested an active monetary policy that would be performed in absence of any oil revenue and effective demand reduction. The table 2 shows government budget brief in 1951, 1952, and 1953. In both years 1951, 1952; government revenue has been 7.8 billion rials and in 1951, both direct and indirect government oil revenues have been 800 million rials that is to say domestic non-oil revenues has been 7 billion rials. There has been no oil revenue next year. In official budget of 1953, estimation of revenue has been 9.5 billion rials and it shows a better financial and economic perspective of government.
In these three years, annual expenses had no fundamental changes. However, government had been spending a budget for preserving and keeping oil installations, which had not been part of usual budget. That is to say it has been created a main reduction in governmental usual expenses. The most surprising case in the above table is its budget deficit. According to Dr. Ali Amini, the Finance Minister of Zahedi Cabinet in the Seventeenth Majlis, Mossadeq’s government had 4.4 billion rial budget deficit during his 27 months ruling. The problem of covering this budget deficit was a big economic and political problem. Government of Mossadeq could reduce potential deficit of 1951 to 1.9 billion rials through legal sale of 14 million lives (1.3 billion rials) from foreign exchange stores and compensate it through taking 8.75 million dollar loan (600 million rials) from the World Bank. (See the table 3). With a little deep thinking on numbers in the mentioned table, we understand Dr. Amini’s exaggeration; he had said that, “even a black money has not remained in the government treasury”. Increasing money offer and reducing rial worth had important effects in escalating public level of prices. But evidences shows that Later it had been exaggerating in castigating of Mossadeq’s government and his “inflationary policy”. Average annual change in total prices index in 1953 has been 8.6 percent and average annual escalating of internal produced goods had been 7 percent. Index of life expense has boosted annually 6.5 percent. What we can undoubtedly say is the country economy had not descending itinerary after cutting off oil revenues and its subsequent troubles.

Table 2

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<td>1951</td>
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<td>1. Revenues</td>
<td>7.8</td>
<td>7.8</td>
<td>9.5</td>
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<td>2. Expenses</td>
<td>9.7</td>
<td>10.3</td>
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<td>3. Deficit</td>
<td>-1.9</td>
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Sources: Iran National Bank, Official Newspapers 1951-1955
Different political groups were debating over strategy of economy without oil. Conservative press of the ruling class were not the only dissident group of economy without oil, but the Tudeh Party was recommending Mossadeq to prepare a large tin and sell the oil. There were doubts over success of this strategy in state circles. But, they were not public and apparent. However, this strategy was imposed the government at the time but following it was not inevitable. It was the possibility of settling the oil issue by Iran out of the determined frame. Mossadeq informed of performing this strategy and had the Cabinet members and the National Front protection. May be, it seems these special designed policies for economy without oil had been designed and solidified, but there is no evidence for it. Nevertheless, all these enterprises had been unpurposed for reducing and stopping foreign and domestic effects of oil revenue cutting. If it is so, Mossadeq’s government should be appreciated for its ability in solidifying different attitudes in his cabinet. There is no doubt that hard work of government led to reducing public welfare but it was only the government publicity that let it to act like that without intriguing public thoughts against itself. 99
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