

The Coup: An American Solution

Benjamin Sikes

This Article examines the reason for United States involvement in the Iran coup of 1953. It analyzes Iranian Prime Minister Mohammad Mosaddegh's, decision to nationalize the country's oil industry. It further analyzes the Anglo-Iranian Oil Company's attempt to combat the nationalization through the International Court of Justice, and the British reaction to the loss of revenue from Iranian oil. The article examines U.S. interest in assisting the British with overthrowing Mosaddegh. It also looks at the appointment of Mohammad Reza Shah as the country's singular leader. The article views the coup as one of the many smaller events during the Cold War that had a larger impact on its outcome. The paper argues that the importance of U.S. involvement in the coup was not primarily to prevent Iran from becoming a communist nation. The paper concludes its argument stating that the coup was carried out to ensure the economic security and stability of Great Britain, America's most important European ally during the Cold War.

In 1953 Iranian Prime Minister Mohammad Mosaddegh was expelled from office. Mosaddegh's removal from power was the result of a joint operation by the British Strategic Intelligence Service and the Central Intelligence Agency. Initially, the United States government showed little interest when the British first presented the idea of a coup.¹ The SIS first presented the idea of overthrowing Mosaddegh to the United States during the presidency of Harry S. Truman. This first presentation was unsuccessful. The second time the idea was presented was during Dwight D. Eisenhower's presidency, and it was put into action. This raises questions of the real motives behind U.S. involvement. The first response from the United States shows hesitation on President Truman's part. Why was President Truman so reluctant to act on the situation during his own term? The answer could be as simple as Truman not wanting to get into conflict with the Soviets. Given that the Korean War was still ongoing, Truman was not ready to open a new theater of war in the Middle East.² This paper will examine the core motivations of those responsible for the coup. The paper argues that the United States chose to carry out a covert operation in order to secure the economic stability of Great Britain, its greatest democratic ally in Europe.

British control of Persian oil began in the year 1900, when Shah Muzzaffar al-Din sold exclusive rights to Iran's natural resources to a British financier, William Knox D'Arcy. D'Arcy's purchase was not immediately met with the results he had hoped. The geologist that originally surveyed the area of purchase was confident that oil could be found there. In 1904, oil was struck by one of D'Arcy's wells. However, this first endeavor was initially a loss and cost the British financier nearly everything he had. The drilling team had hit a shallow well, or a small pool of oil isolated from the main reserves. In an attempt to retain some of his wealth, William sold his rights to the Burma Oil Company. The BOC reorganized D'Arcy's operation and within two years hit a major oilfield. Upon the discovery of oil, the British government saw opportunity to increase their

¹ Stephen Kinzer, *All The Shah's Men: An American Coup and the Roots of Middle East Terror* (Hoboken, NJ: John Wiley and Sons Inc., 2003), 3, 79.

² *Ibid.*, 85.

economic standing on the world's stage. In 1908 the Anglo-Persian Oil Company (APOC) was quickly founded by a group of investors backed by the British government. The control of the APOC's revenue went to the British government after Winston Churchill authorized the purchase of 51 shares of the company in 1913.³ This secured British dominance of Persian oil for the next thirty-eight years.

By 1951, the APOC had taken on a new name: the Anglo-Iranian Oil Company, or AIOC. The company's agenda still remained the same: Drill, refine, and export oil at minimal cost. On March 15, 1951 the Majlis, Iran's legislature, under the leadership of Prime Minister Mohammad Mosaddegh, voted unanimously to nationalize the Anglo-Iranian Oil Company.⁴ Through nationalization, the company's assets in Iran were completely frozen and refined oil was no longer being exported. England was not about to ignore the distress of their most profitable investment in the world. The British had only two cards to play: military action to retake control of their refineries, or quietly orchestrate a coup to oust Iran's current government.

The first action by the British government, in addition to beginning to lay the foundations for the coup, was to file a lawsuit against Iran internationally. The lawsuit was filed through the International Court of Justice on May 25th, just over two months from Iran's decision to nationalize the AIOC. The ICJ application argument was centered on Iran's failure to honor the 1933 concession agreement. The discord from Iran was based on the discrepancies in royalties that Iran was receiving compared to other oil exporting countries. Oil companies had begun the practice of offering a fair 50/50 deal on the revenues of exports from the supplying country. The 1933 agreement only ensured Iran twenty percent of all revenue generated by APOC, including its subsidiaries. However, that percentage was based on AIOC's revenues of the 1930s. By 1951, the money flowing through the company had increased drastically, while Iran still relied on partial payments.

The application addressed these facts in its complaint, but one article in the document stands out. In the British government's claims, one of the complaints filed argues that Iran's alteration of the terms of the agreement not only broke international law, but also wronged the country of England.⁵ The British focused their case around the fact that the Anglo-Iranian Oil Company was a British national, meaning that the AIOC was subject to the same rights and expectations that a British citizen would have while in a foreign country. However, there are some problems with the British stance. The British government was the majority shareholder of the AIOC, therefore making it an extension of British power in Iran. The British also claimed that the 1933 agreement was a double charter, meaning it was both a treaty between states and a business agreement between the AIOC and Iran. These two facts may have been what prompted the justices of the court to rule how they did.

³ Ibid., 49.

⁴ Ibid., 3,79.

⁵ I.C.J. *Pleadings, Anglo-Iranian Oil Co. Case (United Kingdom v. Iran)*, 12 <http://www.icj-cij.org/docket/files/16/8979.pdf>.

The final rulings were neither in favor of Britain or Iran and were based on several conclusions. The first was that the agreement was only an agreement, not a treaty. The court stated that the 1933 agreement was simply an agreement between a State and a company, one that was not registered through the League of Nations, and therefore was not a legally binding document. Instead, the court interpreted the 1933 document as a written version of a verbal agreement. Furthermore, the ICJ ruled that the 1933 agreement did not have a dual meaning, instead it was viewed as a document with a single meaning: the agreement between a State and a foreign corporation.⁶

On the basis of the facts listed above, the court ruled that they lacked the proper jurisdiction to make judgment on behalf of either party. The justices of the ICJ voted nine to five in objection to ruling on the situation and did not support either state.⁷ These ICJ documents clearly show the importance that the British placed on reopening the AIOC refineries in Iran. However, a lawsuit was just the first step in a larger plan.

While the British government filed this lawsuit, they also began preparations for a possible coup. Perhaps their idea was to keep Iran's government occupied with an international court case. Since both the talk of a coup and the application of the lawsuit came around at the same time, it is highly likely this was the case. However, it is also possible that the coup was an alternative solution if the International Court of Justice did not rule in favor of the British. The British government's attempt at orchestrating a coup initially failed since Mosaddegh's people caught onto the plot. How they learned of this is still unknown, but British actions after the nationalization of AIOC were not at all subtle. The British sent five warships to the Persian Gulf, which immediately raised the tensions between the two nations.⁸ Regardless of how the Iranian government found out, they quickly took the measures to prevent a coup from happening. Prime Minister Mosaddegh ordered the British embassy closed and ordered all British diplomats to leave the country. After England was thrown out of Iran, the United States was the only country with the resources and willingness to help the British carry out their coup.

Initially, the idea of a coup was presented during the Truman administration. However, the idea was shunned almost as soon as it was presented. The Truman administration was focused on the economic recovery of Greece and Turkey and prevention of them falling into the Soviet sphere of influence. The Truman Doctrine was introduced to aid Greece and Turkey, and would eventually evolve into the idea of containment.⁹ The way in which the British presented the coup to the Americans would largely determine how the United States would react. The initial presentation was strictly based on the loss of AIOC, and was probably the reason it was rejected by the Truman administration. Another potential reason for the reluctance and outright refusal to support a coup

⁶ ICJ *Anglo Iranian Oil Co. Case (Jurisdiction, Judgment of July 22nd, 1952)*, 22-23, <http://www.icj-cij.org/docket/files/16/1997.pdf>.

⁷*Ibid.*, 26.

⁸ Kinzer, *All The Shah's Men: An American Coup and the Roots of Middle East Terror*, 81.

⁹ U.S. Government State Department *The Truman Doctrine* (Washington DC: 1952), 1-3, http://www.trumanlibrary.org/whistlestop/study_collections/doctrine/large/documents/pdfs/5-3.pdf#zoom=100 (accessed March 21, 2014).

could have been the report sent to President Truman by Averell Harriman. Harriman was sent to Iran by Truman in an attempt to salvage the partnership between Iran and the AIOC. In his report, Harriman described the appalling living conditions of Iranian workers. He further more stated that England was in the past, still clinging on to the “colonial age” of the 19th century.¹⁰ Even before the coup, there were disagreements between the United States and England on the topic of nationalization. At the time, the United States believed that Iran had the potential to become a strong democratic nation, but in order to achieve this Iran’s issues with Britain would have to be settled.

In 1950, before the coup and the nationalization of the AIOC, the Shah of Iran, Mohammad Reza Shah Pahlavi, traveled to the United States and met with President Truman to discuss the potential negotiations between Iran and the AIOC. Mohammed Reza planned his visit to the United States while Britain was undergoing a change in leadership. Winston Churchill had been out of office since 1945. The Shah saw an opportunity to gain the upper hand with Churchill’s absence, but this opportunity was cut short when Churchill returned to his position of prime minister in 1951.

Immediately after returning to office, Churchill began putting pressure on the United States to get behind the British agenda.¹¹ Two years into Churchill’s new term, the United States experienced its own change in leadership. The British, without having any luck with the outgoing Truman administration, could now re-present their plan focused on a new threat: communism. Iran shared a long border with the Soviet Union and the threat of it becoming a communist state had been on the minds of many in the western world after the Azerbaijani crisis of 1946.¹² The Azerbaijani crisis occurred immediately after World War II, when the allied powers agreed to remove garrisoned troops from Iran. The Soviets, however, withdrew forces from the interior of the country and garrisoned them in the province of Azerbaijan. The result was the province splitting from Iran and becoming a communist, Soviet backed state.¹³ For the British, this situation was the adhesive that had been missing in their first coup proposal. The British knew the United States would offer assistance if they feared the rest of Iran would fall into the Soviet sphere.

This second presentation was tailored to be on the same level with the ideologies of the incoming heads of office. Dwight D. Eisenhower took presidential office in January of 1953, however, Eisenhower showed hesitation for the same reasons Truman did. The Dulles brothers saw otherwise. Secretary of State John Foster Dulles and his brother Allen, director of the Central Intelligence Agency, were both aware of Iran’s potential communist threat. In reality, the Dulles brothers worked in unison with the British Strategic Intelligence Service, in order to make that threat materialize. Materialization came in the form of a pay-rolled mob that lashed out against Mosaddegh. After witnessing the successfulness of the hired protestors against Mosaddegh,

¹⁰ Kinzer, *All The Shah’s Men*, 108-109.

¹¹ Abbas Milani, *The Shah* (New York, NY: Palgrave Macmillan, 2011), 145-146.

¹² *Ibid.*, 123-124.

¹³ Homa Katouzian, *Musaddiq and the struggle for power in Iran* (New York, NY: I.B Taurus & Co Ltd, 1990), 58-61.

Eisenhower agreed to a coup. Planning had already begun before Eisenhower gave the green light.¹⁴

The draft of the plan that agents of the SIS and CIA developed had to be subtle, yet effective for the coup to succeed. The effectiveness would depend on how well the draft plan could be written up. Both the CIA and SIS recognized that the coup must appear to have a legal motive behind it in order for it to be believable. It did not matter whether those motivations were concrete or abstract, it only mattered that they materialized in the country. In other words, the population must show severe disapproval of Mosaddegh's leadership before any military operations could be carried out.¹⁵ The United States and Britain took these precautions due to the turmoil the communist world. Joseph Stalin, the Soviet leader and the face of communism, died in March of 1953. Any public actions taken to solve the issues in Iran could complicate the delicate diplomatic relations between the East and the West.

The drafting was one of the most crucial elements of the operation. Deciding who would carry out the coup would be relatively easy since both agencies already knew who was in opposition to Mosaddegh. Their first casting was to place someone from the military as the head of the coup. Their choice was General Fazlollah Zahedi for his opposition to Mosaddegh's leadership. Zahedi would no doubt prove a strong military leader after the coup, as the new Iranian government would need him to expel the remaining communist parties.¹⁶

One of the American concerns was that Iran's primary communist party, the Tudeh party, would be able gain power in the aftermath of the coup. The British and Americans both realized that Iran's new government would have a small window of time to consolidate power and fill their administration. The vacant seats in Iran's governing bodies would have to be filled quickly in order to shut out the possibility of Tudeh party members gaining power. However, the Tudeh party was outlawed by the Iranian government in 1949, four years before the coup. The Shah ordered the leading members to be arrested and imprisoned after the Tudeh party was linked to the failed assassination attempt on his life.¹⁷ Many Tudeh party members were imprisoned and charged with a variety of crimes, and some were even executed.¹⁸

Although the Tudeh party was outlawed, it was not completely disbanded and still maintained a small presence on the political stage.¹⁹ The Tudeh party had supported Mosaddegh in the nationalization of AIOC in 1951. Even though Mosaddegh did not fully endorse them, in a multi-party government, he would need their votes if he wished to be elected. Therefore, he acknowledged their support of nationalization. The CIA and SIS were aware that the Tudeh party

¹⁴ Kinzer, *All The Shah's Men: An American Coup and the Roots of Middle East Terror*, 156-157.

¹⁵ CIA, *Clandestine Services History, Overthrow of Premier Mossadeq of Iran: November 1952 - August 1953*, (Washington DC:1954), 9, <http://www.nytimes.com/library/world/mideast/iran-cia-main.2.pdf> (accessed February 20, 2014).

¹⁶ CIA-SIS, *Initial operation plan for TPAJAX Appendix A(1953)*, 5.

<http://www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB28/appendix%20A.pdf> (accessed February 20, 2014).

¹⁷ Milani, *The Shah*, 132-133.

¹⁸ Milani, *The Shah*, 132-133.

¹⁹ Katouzin, *Musaddiq and the struggle for power in Iran*, 84-85.

had declined in power. This is strong supporting evidence that the coup was a solution to the British AIOC situation, not to prevent the spread of communism.

Fully aware that the Tudeh party was a minimal threat, the CIA and SIS began to manipulate this information to suit their needs. The CIA began circulation of anti-Mosaddegh propaganda in the local media.²⁰ This propaganda varied in forms, but some of the most influential pieces were essays and accusations written up by agents on scene. One of these essays entitled *Our National Character*, attempted to cause conflict amongst Mosaddegh's base of supporters.²¹ The essay suggested that under Prime Minister Mosaddegh's leadership, Iran's national identity was being altered to a point beyond return. The essay describes how the Iranian people have become less hospitable and more violent between each other and foreigners. One such example in the essay proclaimed that Secretary of State John Dulles was advised not to travel to Iran because of the outburst of violence and rioting in the country.²² Dulles' absence meant that talks between Iran and England could not possibly gain any progress without a third uninvolved party. This accusation was brilliantly written. First, it implied that Iran could have a positive relationship with the western world if Mosaddegh was removed from power. Secondly, it still portrayed the United States as a supporter of Iran's liberation from a colonial power.

Another part of the essay focused on the accusations of Mosaddegh's involvement with the Tudeh party. Mosaddegh's involvement with the Tudeh party was minimal, as he had his own backing from a party he helped establish, known as the National Front. As mentioned earlier, accusations of Mosaddegh's ties to the Tudeh party were based on some truths. Mosaddegh did not support any sort of an autocratic government, therefore he tolerated the Tudeh party's existence. His tolerance aligned his beliefs closer to democracy than to communism. This could have been an advantage for Western powers, but for the British it was a hindrance. The British preferred their oil over the development of a democratic government in Iran. Unfortunately, as democratic as Mosaddegh's ideals seemed, the United States had to view him as a communist threat in order to preserve the economic stability of Britain.²³

After the foundation for a coup had been seeded in the media, the inner workings of the coup could now come to fruition. The CIA and SIS had carefully funneled funding to key actors in the coup. General Zahedi of the Iranian army, who would take Mosaddegh's position as Prime Minister, was to be given a total of \$60,000 from both agencies.²⁴ This was not only to assure his loyalty, but it was also for him to spread among predetermined leaders of the armed forces. Zahedi did not have very many connections among the newer junior staff of Iran's government, therefore the funds were there to bribe them if need be.²⁵

²⁰ CIA, *Clandestine Services History, Overthrow of Premier Mossadeq*, 9-10.

²¹ CIA, *Our National Character* (1953), 2.

<http://www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB435/docs/Doc%2020%20-%201953-00-00%20231%20propaganda%20-%20national%20character.pdf> (accessed February 20, 2014)

²² CIA, *Our National Character* (1953), 2.

²³ Katouzin, *Musaddiq and the struggle for power in Iran*, 119-120.

²⁴ CIA-SIS, *Initial operation plan for TPAJAX Appendix A* (1953), 2.

²⁵ CIA, *Appendix E– Military Critique – Lessons learned from TPAJAX re Military Planning Aspects of Coup d'Etat*

The presentation of the script to the actors involved was crafted by both agencies. In the presentation to the Shah, both agencies agreed to present the oil as a secondary concern. The idea here was to eliminate doubts regarding the West's true motives. It was agreed that if either side should appear too eager for oil, it would arouse suspicion. Pahlavi was well aware that the British agenda was focused on recovering their oil and lost revenue; as long as he remained the Shah he had no objections. The real challenge was to make the coup appear as if it had been constructed by people within the Iranian government. Also considered was the Shah's understanding of his responsibility. The country was his to gain or to lose if the coup attempt failed. In addition to that, Iran would receive no financial aid from the United States while Mosaddegh was in power.²⁶

August 20, 1953, Mosaddegh was arrested and the coup was complete.²⁷ In the aftermath, the choice to overthrow Mosaddegh was viewed as necessary. This was the first time that United States used covert operations to directly overthrow the leader of a foreign power. The effectiveness of this new tool was noted by the relatively new intelligence agency, the CIA, and in time became one of its specialties. It was also recognized as a tool to carry out U.S. interests abroad. In this case, the interest of the United States was to secure the financial stability of England, and in turn, the British would be able to help spread capitalist influences across Europe.

In conclusion, it is clear that the orchestrators of this coup were motivated by far more than simple financial gains. The British were not only motivated by financial security, but their legacy as well. The British Empire had once circled the globe, but was now in a declining state. New ideas, such as nationalism, were beginning to take root and challenge the British status quo. As a rising contestant on the world's stage, and ally of England, this left America in a troubling situation. The United States could either support its ally, or a sprouting nationalistic state that may never form into a proper democracy. In the end, the United States enacted the coup in order to secure the financial stability of Great Britain, the most important European ally during the Cold War.

Bibliography

Books

Katouzin, Homa. *Mosaddiq and the struggle for power in Iran*. New York: I.B Taurus & Co Ltd, 1990.

Kinzer, Stephen. *All the Shah's Men: An American Coup and the Roots of Middle East Terror*. Hoboken, NJ: John Wiley and Sons Inc., 2003.

Milani, Abbas. *The Shah*. New York, NY: Palgrave Macmillan, 2011.

Court Documents

(1954), 6 <http://www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB28/appendix%20E.pdf>

²⁶ CIA-SIS, *Initial operation plan for TPAJAX Appendix A* (1953), 2.

²⁷ Katouzin, *Mosaddiq and the struggle for power in Iran*, 194-195.

International Court of Justice. *Pleadings, Anglo-Iranian Oil Co. Case (United Kingdom v. Iran)*
<http://www.icj-cij.org/docket/files/16/8979.pdf>.

I.C.J. *Anglo-Iranian Oil Co. Case (Jurisdiction, Judgment of July 22nd, 1952)* <http://www.icj-cij.org/docket/files/16/1997.pdf>.

Government Documents

CIA. *Our National Character*. 1953. <http://www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB435/docs/Doc%202020-%201953-00-00%20231%20propaganda%20-%20national%20character.pdf> (accessed February 20, 2014).

CIA-SIS. *Initial operation plan for TPAJAX Appendix A*, 1953. <http://www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB28/appendix%20A.pdf> (accessed February 20, 2014).

CIA. *Clandestine Services History, Overthrow of Premier Mossadeq of Iran: November 1952 – August 1953*. Washington DC: 1954. <http://www.nytimes.com/library/world/mideast/iran-cia-main.2.pdf> (accessed February 20, 2014).

CIA. *Appendix E– Military Critique – Lessons learned from TPAJAX. Re: Military Planning Aspects of Coup d’Etat*. 1954. <http://www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB28/appendix%20E.pdf>.

U.S. Government State Department, *The Truman Doctrine*. Washington DC: 1952, http://www.trumanlibrary.org/whistlestop/study_collections/doctrine/large/documents/pdfs/5-3.pdf#zoom=100 (accessed March 21, 2014).