

# **State-Centered vs. Class-Centered Perspectives on International Politics: The Case of U.S. and British Participation in the 1953 Coup Against Premier Mosaddeq in Iran**

*Mansoor Moaddel*

Two alternative perspectives—state-centered and class-centered—on state actions are considered. The explanatory power of each of these perspectives is examined by analyzing the behavior of three major political actors in the Iranian oil disputes—the Iranian, the British, and the U.S. governments—using the existing historical evidence. The article supports a class-centered explanation by demonstrating the significance of the International Petroleum Cartel in determining U.S. and British policy towards Iran in this period and the failure of the Iranian bourgeoisie to continue their support of Mosaddeq in the face of economic difficulties resulting from the nationalization of the oil industry. Partial support for a state-centered explanation is also noted. For future research, the utility of considering the state and class as interdependent actors with the specification that the nature of this interdependence is asymmetrical is suggested.

**S**udden political changes by means of military coups supported by the covert assistance of external powers have been a recurrent phenomenon in Third World countries in the post-World War II period. The impact of such coups in redirecting state economic policies and geopolitical orientations has been significant. Postcoup states inaugurated in many Third World countries have often pursued policies dia-

---

Dr. Mansoor Moaddel is an assistant professor in the Department of Sociology, Eastern Michigan University, 1215 Huron River Drive, Ypsilanti MI 48197.

*Studies in Comparative International Development*, Summer 1989, Vol. 24, no. 2, 3-23

metrically opposed to their precoup policy orientations (O'Donnell, 1978; Henderson, 1977). An important example of this type of reversal is the 1953 coup in Iran that overthrew the nationalist government of Premier Mosaddeq and reinstalled the Shah. The United States and Britain were the active participants against Mosaddeq. After the coup, major changes occurred in the Iranian state's domestic and foreign policies. The coup was indeed a turning point in Iran's political history. But the potential contribution of this event to the current debate in political sociology has rarely been assessed.

This article undertakes such a task. First, it discusses two alternative perspectives on state actions—a class-centered perspective and a state-centered perspective. Next, it evaluates the explanatory power of each by analyzing the behavior of three major political actors in the coup—the Iranian, the British, and the U.S. governments—using the existing historical evidence. Finally, it offers suggestions for future research on the relationship between class and the state.

## **Two Perspectives on State Action**

The question regarding the determinants of state policies has recently assumed a central position within contemporary debates in political sociology. Prominent in these debates is the role of class-centered, or Marxist, and state-centered perspectives in directing current empirical investigations of the state. The fundamental difference between the two revolves around the question of where to locate the primary causal variable in explaining state action: in the dynamic of class interests or the internal dynamic of the state itself. Marxism is based on the premise that class interests are the most important determinant of state actions. To be sure, Marxists differ on the mechanism which connects class interests to state policies. For some this connection is made through the ruling class's instrumental control over the state (Sweezy, 1942; and Miliband, 1969) and, for others, through the structural constraints of the dominant mode of production (Poulantzas, 1972; and Holloway and Picciotto, 1978). Yet for another group, such a link is sought in the interactions between class struggle and state actions (Esping-Andersen et al., 1976). And finally, for a world system theorist, the state serves the interests of the ruling class through the dictates of the hierarchically organized economic zones of the world capitalist system (Wallerstein, 1974 and 1979). In the final analysis, all Marxists thus subscribe to the view that state actions are shaped by class interests.

The state-centered perspective, on the other hand, rejects the centrality of class in determining state actions. The proponents of this perspective argue that the state is an institution which is autonomous from all social classes in society. It is an actual organization with a monopoly over the means of violence in a given territory and capable of independent action. Several lines of reasoning are suggested. It is argued that the linkages of states into international flows of communication, their involvement in the international states system, and geopolitical considerations may encourage state elites to pursue policies in the face of indifference or resistance from politically weighty social forces. Moreover, the need to maintain social control may

lead state officials to implement reforms despite the resistance of the dominant classes (Skocpol, 1979; and Evans et al., 1985).

The distinction between class-centered and state-centered perspectives is not always so well-defined. Marxists do not entirely rule out the possibility of state autonomy. Both classical and neo-Marxist theorists have argued that under certain circumstances—such as periods of economic transition and crisis, weakness of the dominant classes for collective action, and availability of a stable source of revenue—the state might act autonomously (Marx and Engels, 1977; Poulantzas, 1974; Anderson, 1974; Bamat, 1977; Trimberger, 1977; and Alavi, 1972). Variations in the capacity to act for both the dominant and dominated classes are also considered possible contributing factors for state autonomy (Wright, 1979; and Therborn, 1983). In general terms, however, state autonomy is viewed as limited by economic and class factors such that “it constitutes a variable within invariant limits” (Poulantzas, 1978: 274). Similarly, state-centered theorists do not totally rule out a historical possibility of state dependence on the dominant classes. One theorist suggests exploring the “capacities” of states to implement their goals in the face of opposition of dominant social groups (Skocpol, 1985: 9). Again, in general terms, this perspective considers the state an autonomous actor with the capacity to formulate its policy independent of pressures from the dominant classes or the dictates of the economic structure of society.

However, the overlap between the ranges of the empirical claims advanced by the two perspectives is almost totally confined to the domestic activities of the state. Where the two perspectives most diverge is on the role of the state in international politics. Earlier Marxists such as Lenin, and contemporary dependency and world system theorists have all claimed the centrality of class interests in dictating state actions in world politics. The dependency and world system theorists, in particular, argue that transnational corporations have enhanced the power of the states in the core and weakened the states in the periphery. Such differential power of the states was thought necessary to ensure the transfer of surplus from the periphery to the core. The state-centered theorists, on the other hand, advance a quite contrary argument. They argue that the very fact that the state is involved in regulating relations with the external world would constitute a basis of its power and a source of its autonomy (Evans, 1985; and Skocpol, 1979). International politics are thus conceived “in terms of a society of states or of a system of states as a whole, with conflict of interest and wars of rivalry” (Hintze, 1975: 436).

An analysis of the Iranian oil dispute which culminated in the 1953 coup provides an interesting test case for evaluating the explanatory power of these two perspectives. The dependent variable in this analysis is the dynamic of interactions among Iran, Britain, and the United States around the issue of Iranian oil. Such a dynamic is reflected in the changes and variations in the behaviors of three actors. Before Mosaddeq's coming to power, the relationship between Iran and Britain was relatively peaceful. But when Mosaddeq nationalized the British-run oil industry, the two countries were on the verge of a military confrontation. The United States, on the other hand, initially supported Mosaddeq's oil policy and discouraged the British

from attacking Iran militarily. Later, however, the United States allied with the British and jointly engineered the coup that overthrew Mosaddeq in 1953. Can one explain these changes in terms of conflict of interests between these states? Why did the Iranians decide to nationalize the oil industry when they did? What had changed in the Iranian government which categorically rejected the previous contract between Iran and Britain. Why did the U.S. government initially abandon its close ally—Britain—and side with Mosaddeq, but later change its policy? These historical questions are addressed in this article.

### **Emergence of an Issue: Historical Background on the Iranian Oil Dispute**

In 1901 a British engineer, William Knox D'Arcy, obtained a concession from the Shah of Qajar giving him exclusive rights for the discovery, exploitation, and export of oil anywhere in Iran except for the five northern provinces lying within the traditional zone of Russian influence. In return, D'Arcy agreed to pay 16 percent of his annual profits as well as 20,000 pounds in cash and another 20,000 pounds in paid-up shares of stock in the venture enterprise. Oil was discovered in 1903. In 1905 D'Arcy became a part owner of the newly founded British Oil Company. In 1908 the British government bought D'Arcy's shares. In 1909 the Anglo-Persian Oil Company (APOC) was founded with an initial capital of two million pounds (Nirumand, 1967: 26-27).

The 1901 concession granted by an absolutist monarch was not ratified by the Iranian Parliament of the postconstitutional revolution of 1905-11.<sup>1</sup> The British feared that at any time the concession could become subject to reconsideration and cancellation by the parliament on the ground that it included no provision for the renegotiation of any of the agreement's terms, although there was a stipulation requiring disputes between the parties to be arbitrated in Tehran. Naturally, the British government was working hard to renegotiate the contract with the postrevolutionary government of Iran.

Over the years the unfairness of the 1901 concession continued to irritate Iranians. To make matters worse, APOC did not consistently follow the terms of the agreement.<sup>2</sup> In 1933, the Iranian Parliament terminated the monarchy-granted concession of 1901 and concluded a new agreement with the British. This new accord reduced the area of concession from 400,000 to 100,000 square miles, assured a minimum payment of 225,000 to 300,000 pounds annually as a tax on the production of crude petroleum, and provided for a specific royalty of four shillings per ton of the oil sold. Iran was also to receive 20 percent of the net profit over and above a dividend guarantee of 671,250 pounds (Walden, 1962: 106). The treaty also changed the company's name to Anglo-Iranian Oil Company (AIOC).

For the British, the new treaty had certain definite advantages over the 1901 concession. First, the new contract extended British control over Iranian oil for an additional thirty-two years, until 1993, while the previous contract was due to expire in 1961. Second, unlike the concession of 1901, the 1933 contract was not an agreement between a private individual and the Shah of Iran, which could be terminated without much difficulty. The 1933 contract had the character of public

law in that the contract had been ratified by the Iranian Parliament; it could not be annulled without entailing political complications (Nirumand, 1967: 32). The 1933 agreement, on the other hand, was not as beneficial to the Iranians, and some of its terms were particularly disadvantageous. For example, according to Article Nineteen of the agreement, prices for refined petroleum products in Iran were based upon average Romanian or Gulf of Mexico f.o.b. prices, whichever was lower, plus actual transportation and distribution costs, less a 10 percent discount. In other words, sales in Iran to local consumers of Persian-produced oil were based upon prices established in areas with production costs bearing absolutely no relationship to local operating conditions. The unfairness of the agreement is evident in that the production cost of oil in the Middle East averaged \$1.2 per ton compared to \$12.45 per ton in the United States. The British made as much as 500 percent profit from the domestic sale of petroleum products in Iran (Walden, 1962: 71). The AIOC sold oil to Iran at such a high price that Iran had to import oil from the Soviet Union.<sup>3</sup>

After World War II, Iran's grievances against the AIOC continued to mount. In the U.N. Security Council, Mosaddeq complained that in 1948 the net revenue of AIOC amounted to sixty-one million pounds but from these profits Iran received only nine million pounds though twenty-eight million pounds went into the United Kingdom Treasury in income tax alone (Saleh, 1951: 4). Saleh has also indicated that "The profit of the Company in the year 1950 alone, after deducting the share paid to Iran, amounted to more than the entire sum of 114 million pounds cited by the representative of the United Kingdom as the total sum paid to Iran in royalties in the course of the past half century" (Saleh, 1951: 51). Consequently, Iran began to demand that the principle of a fifty-fifty division be applied to the company's total profits, which was initially rejected by AIOC. When AIOC was finally prepared to accept Iran's demand, it was too late. On March 15, 1951 the Iranian Parliament approved a bill to nationalize the British-controlled oil company. Shortly after, the Senate concurred.

### **Class vs. State Interests in the Iranian Oil Dispute**

Apparently the nationalization of the oil industry was not caused simply by the breakdown of negotiations between the Iranians and the British. Neither was it the result of a realization by Iranian politicians that the country's natural resource was being exploited by the British under a highly unfavorable contract. Evidently the knowledge of such exploitation had been shared by Iranian leftist and liberal politicians for many years. Nevertheless, to elevate the oil issue to national prominence and successfully challenge British influence and their internal allies, social resources had to be mobilized. Such resources constituted, on the one hand, the mobilization of the Iranian bourgeoisie for a greater share of the oil revenue, and, on the other hand, the existence of favorable international circumstances characterized by the U.S.-British competition in the late forties.

Iran's nationalist movement grew after the effective defeat of the social revolutionary movements that were unchained as a result of the breakdown of Reza Shah's repressive apparatus on the eve of World War II. The Shah's sympathy for the

Germans and the Allies' concern that the Germans might use Iran as a base against the Soviet Union provided the Allies with their justification to invade Iran in 1941 and force the Shah to abdicate. His son, Mohammad Reza, became Iran's new Shah in September 1941 (Keddie, 1981: 82). The overnight collapse of Reza Shah's military regime left the dominant classes highly vulnerable to attacks from below. At the same time, the difficulties caused by the war led to the emergence of protest activities by the ethnic minorities, peasants, and workers (Keddie, 1981: 21).

In Azarbayejan and Kurdistan, ethnic minorities demanded regional, cultural, and political autonomy from the central government (Ivanov, 1977: 106-114). In the rural areas, the peasant-landlord struggle was also intensified, and many peasant associations were formed. Consequently, peasants were able to win concessions from landowners. Similarly, the workers' movement gained considerable strength, and in 1944 the United Central Council of the Unified Trades Unions of Iranian Workers was formed. By 1945 it claimed a membership of 200,000 workers, and by 1946 a membership of 400,000 with 186 affiliates (Halliday, 1979: 199-200; Kambakhsh, 1972: 62-63).

The increasing radicalization of Iran's ethnic minorities, peasants' and workers' movements frightened the Iranian dominant classes—that is, the landowners and capitalists—as well as foreign interests, particularly the British. Common fear of a possible social revolution among this community of interests might have caused their *de facto* unity in suppressing these movements. In 1946 a British-instigated attack was launched on a workers' strike in the Khuzistan oil establishments. During the attack forty-six people were killed and one hundred seventy wounded. Subsequently, the government pronounced the strike illegal, and all the leaders of labor unions in Khuzistan were arrested. The sites of workers' organizations were occupied by the military (Ivanov, 1977: 122-23). In late 1946 and early 1947, the military first launched a brutal attack on the Azarbayejan autonomous government, and then on the Kurdish Democratic Republic, during which thousands of people were killed or wounded. In the cities, labor unions and the clubs of the Tudeh Party of Iran (Iran's Communist party) were also attacked by the army and right wing paramilitary bands. In mid-1947 the peasant movement was also suppressed. All the gains of the peasants were destroyed, and once again the "feudalist" relationships were consolidated in the rural areas of Iran. Hence by the end of 1949, "the monarchy appeared to have almost as much power as in the era before August 1941" (Abrahamian, 1982: 251; and Ivanov, 1977: 142).

With the suppression of the social revolutionary movements, the struggle was transferred to a conflict between the National Front led by Mosaddeq, on the one hand, and the court and the British on the other. The Front contained diverse political and ideological tendencies including national socialism, constitutional monarchism, and socially conservative Islamic "radicalism." Structurally, the Front rested on an uneasy alliance between two classes. The first consisted of the bazaar merchants and a relatively young industrial bourgeoisie, often referred to as the national bourgeoisie. The second was the new middle class composed of professionals, salaried personnel, and secular-educated intellectuals (Abrahamian, 1982: 259). These groups were products of Reza Shah's economic policy. Under his

despotic rule, however, they had been excluded from participating in the major political and economic decisionmaking. The main objectives of the nationalist groups were democracy and independence for Iran within the framework of the existing semiconstitutional monarchy. The Front was eager to fight foreign domination and encourage the development of national industry.

The National Front's campaign for democracy was triggered by voting frauds in Iran's fifteenth parliamentary election. In October 1949 Mosaddeq led a crowd of politicians, university students, and bazaar traders into the Shah's palace to protest the lack of free elections. Once inside, the demonstrators elected a committee of twenty headed by Mosaddeq, which soon became the nucleus of the National Front (Abrahamian, 1982: 251-52). The National Front then successfully blocked the adoption of the supplemental agreement in the sixteenth Parliament and, in turn, suggested the nationalization of the oil industry. Political pressures within the Parliament and massive demonstrations outside the Parliament eventually pressured the Parliament to pass a bill nationalizing the oil industry. The Shah refused to ratify the nationalization bill for one and one half months. Finally, on April 30, 1951, Mosaddeq was elected prime minister by a large margin. The Shah had no option but to ratify the nationalization bill, and on May 1, the law went into effect (Dshawanshir, 1980: 112).

Initial support by the United States of the National Front can also be explained by the dynamic of class interests. In this case, such a dynamic was produced by the conflict between American and British oil companies. The conflict became apparent in 1949 when the British—attempting to cut down on their record dollar drain (i.e., \$625 million a year spent to buy and produce oil)—decided to ban imports of fuel oil from the collar areas until all oil from sterling areas was used up. As a result, U.S. refineries faced a possible drop of 100,000 barrels a day in sales (*Time*, January 2, 1950: 60). This somewhat abrupt action by the British concerned U.S. oilmen, who believed that "Britain is less interested in saving dollars than in using its ECA-created oil surplus to drive the U.S. out of existing markets" (*Time*, March 20, 1950: 84; and February 13, 1950: 78). Secretary of State Dean Acheson declared that "it was and is the U.S. view that the British action [against dollar oil] was taken without adequate consultation with American companies" (*Time*, February 13, 1950: 77).

In March of the same year, the U.S. government decided "to waggle a big financial stick against Britain" (*Time*, March 20, 1950: 84). Texas Senator Tom Connally "announced that he would seek to block all further aid to Britain unless it abandons its 'discrimination' against U.S. oil" (*Time*, March 20, 1950: 84). Furthermore, in comparative terms, the British oil agreement with Iran was more to the former's advantage than the American oil agreements with other countries. For example, the oil deal offered the Iranian government by the British labor government through its controlling interest in the oil company was paying Iran and Iranian workers less than the amount that Saudi Arabia and its workers were receiving from a U.S. company (*U.S. News & World Report*, June 8, 1951: 16). Moreover, royalties offered the Iranian government by Anglo-Iranian came to some thirty-five cents a barrel, but in Saudi Arabia a U.S. company was already paying that gov-

ernment more than fifty-five cents a barrel (*U.S. News & World Report*, June 8, 1951: 16). U.S. oil companies did not want to see the British achieve a competitive advantage. Therefore, during the initial stages of negotiations with the British, Iranian demands had been backed by the American ambassador, Henry Grady, and by other American officials (Keddie, 1981: 133-34; and Mehraban; 1982: 299-302).

### **British Economic and Political Warfare Against Mosaddeq**

As soon as the nationalization law went into effect, Britain prepared for an armed counterstroke against Iran. As early as May 25, 1951, it was announced that 4,000 British paratroopers carrying full fighting equipment would leave for the eastern Mediterranean within ten days. Field Marshal Viscount Montgomery advised them to be "ready for anything." By the end of July at least four British destroyers were deployed off the Coast of Abadan, bringing British naval forces in the Persian Gulf area to a total of nine ships, their greatest strength since the end of World War II (Walden, 1962: 73-74; Nirumand, 1967: 49-50). However, the British did not carry out their threats.

What limited British action was the existing international political arrangement. Britain received pressure from the United States against the use of military force (Grady, 1952: 58) and, at the same time, realized that the employment of such a force might precipitate a world conflagration because of the Soviet-Persian Treaty of 1921. This treaty gave the Soviet Union the right to dispatch military forces to Iran under the stated condition. However, British attempts to settle the dispute through diplomatic channels also failed. On July 5, 1951, the British had procured from the International Court of Justice a temporary restraining order which directed the preservation of the *status quo ante* until the court could determine the merits of a previous British request that Iran be forced to arbitrate the dispute pursuant to paragraph (d) of article 22 of the 1933 agreement. This order, however, was later revoked by the court when it determined that it had no jurisdiction over the controversy (Walden, 1962: 58). The British lost all the suits it subsequently filed in the courts in Aden, Rome, Venice, and Tokyo, with one exception: the Supreme Court of Aden ruled in favor of the British Company (Nirumand, 1967: 70). The major British diplomatic defeat occurred in the United Nations Security Council. The British pleaded their case, while Mosaddeq argued that the council lacked jurisdiction. In the end, the Security Council was adjourned indefinitely without a final decision (Walden, 1962: 74; and Dshawanshir, 1980: 153-158).

With the use of military might abandoned and diplomatic channels exhausted, the British resorted to economic sanctions in order to return Iranian oil to their control. The immediate aim of the British was to effectuate the collapse of the Mosaddeq government. "There is no hope," despaired Basil Jackson, deputy chairman of AIOC in June 1951, "of oil discussions reopening while the present Persian government is in power" (cited in Walden, 1962: 75). Similarly, *The New York Times* reported that "neither the British nor the Americans were hopeful that Iran would take a more moderate view looking toward a compromise so long as the Mossadegh Government was in power" (*The New York Times*, Sept. 11, 1951: 11). To force the



Iranian government to insolvency, Iranian credits in the British banks were frozen. Special financial and trading privileges previously accorded Iran were withdrawn, the effect of which was to deny Iran of virtually all its dollar exchange, to make it impossible for Iran to sell oil to most of its former customers, and to prevent it from getting British goods (*The New York Times*, Sept. 11, 1951: 13). The principal actions of the British were directed towards blocking the sale of Iranian oil to interested purchasers, thus depriving the Iranian government of a source of income to sustain its nationalization policy.

The British oil tanker fleet was withdrawn from Abadan in 1951 so that the oil could not be transported to foreign ports. The British Treasury refused to permit any country to pay sterling for Iranian oil, a "ruling that . . . [eliminated] most of Iran's former customers" (*The New York Times*, Oct. 8, 1951: 9). The British also issued public warnings against any and all purchasers of Iran crude oil or refined products (*The New York Times*, Jan. 3, 1952: 58, and Aug. 6: 31; and Walden, 1962: 76). However, these overtly hostile measures on the part of the British government were not immediately successful. On the contrary, they enhanced the prestige of Premier Mosaddeq. "What they [the British] accomplished," says Grady, "was to make Mossadeqh [sic] a world figure and a symbolic champion of all Middle Eastern and Far Eastern countries which felt themselves to be downtrodden" (Grady, 1952: 58).

### A Change in the U.S. Policy

The British state had both economic and geopolitical interests in defeating the Iranian nationalist movement. Nationalization of the Iranian oil industry was depriving Britain of an important source of revenue, and a nationalist government in Iran was undermining British influence in the Persian Gulf. To prevent a complete loss, Britain needed to make a compromise with the United States. Anthony Eden summarizes the British concerns:

I was concerned by the extent to which Musaddiq [sic] was being aided in the oil dispute by a United States policy of "neutrality." The Government of Iran argued publicly the United States was supporting them. If this current were allowed to swell, it would sweep all away (Eden, 1960: 219).

Eden indicates that when Secretary of State-Designate Dean Acheson, accompanied by Averell Harriman, first met his British counterpart in Paris in the wake of nationalization, their views regarding the future of Iran were far apart. However, "the American government were [sic] anxious to complete an agreement with him if this were possible" (Eden, 1960: 222). And as soon as a concrete proposal was advanced by the British as a framework within which an accord might be reached, the United States allied with the oil companies against Iran, which was apparently in line with British strategy. According to Eden:

I believe that American interests was the only way. . . . I gave the Americans the statement of principles which I had drawn up in London and it was agreed that there was no object in encouraging Mussadiq [sic] to stay longer in Washington. . . . We agreed that we would pursue, with the United States, the idea of an arrangement through the International Bank (Eden, 1960: 224).

Subsequently, U.S. policy towards Mosaddeq changed. Shortly after the nationalization law went into effect, Secretary of State Dean Acheson warned the Iranians to settle their grievances with the British promptly because of the lack of available technicians elsewhere, including the United States, to run the oil industry (*The New York Times*, May 19, 1951: 4; and Dshawanshir, 1980: 115-116, 141). And when Harriman was in Iran in July 1951, he stated that "the seizure of foreign-owned assets without prompt, adequate, and effective compensation or arrangements satisfactory to the owners constitutes confiscation; that there must be more than willingness to pay, there must be ability to do so; and in order to be able to pay compensation, Iran must have an efficient oil industry with large assured outlets such as was possible under the British proposal" (Levy, 1954: 94). Harriman even threatened the Iranian government by proclaiming that "the United States . . . grants aid only to people who help themselves and whose government has the welfare of the people at heart" (Levy, 1954: 94).

In early October 1951, Mosaddeq flew to the United States officially for participation in the meeting of the UN Security Council, but also to negotiate with the Americans over the settlement of the oil problem. During his forty-day stay in the country, Mosaddeq met American representatives about twenty times and made different suggestions for the settlement of the oil dispute. Some of his aides went so far as to suggest the formation of an international oil distribution company; that is, giving a monopoly over the sale of oil to U.S.-based international oil companies (Dshawanshir, 1980: 153-58). But the United States government refused to accept these proposals. As Iran's economic crisis intensified and as the country became more and more desperate, the attitude of the United States became more and more unyielding. In the spring of 1952, the State Department refused an Iranian request for a twenty-million dollar loan on the ground that the Iranian government had the immediate means of helping itself (*The New York Times*, March 21, 1952: 3). To another request on May 28, 1953, President Eisenhower responded that "it would not be fair to the American tax payers for the United States government to extend any considerable amount of economic aid to Iran so long as Iran could have access to funds derived from the sale of its oil and oil products if a reasonable agreement were reached with regard to compensation whereby the large-scale marketing of Iranian oil would be resumed" (White House Press Release, July 9, 1953: 483).

The U.S., however, went beyond this "settle or else" policy (Walden, 1962: 81), whereby aid to Iran was refused as a penalty for its "intransigence." It cooperated fully with the British in placing an embargo on Iranian oil by actively discouraging any transaction over the purchase of the oil by American companies. For example, an American firm, Consolidated Brokerage, negotiated an exclusive five-year contract with the National Iranian Oil Company (NIOC) in May 1952 for the sale of Iranian oil in the United States. However, it abandoned its contract on the ground that the company "had been requested by the State Department to avoid complicating the situation while there was any hope of diplomatic settlement" (*The New York Times*, Dec. 8, 1952: 3). Similar pressures were exerted on other American companies that were willing to help the Iranian oil industry resolve its technical and personnel difficulties. Lee Factors, an engineering firm, offered to recruit 3,500

trained technicians and to take over the operation of the oil installations, but the offer was withdrawn because of the "furor caused by the original announcement." The contract with Consolidated Brokerage of Denver met the same fate (Walden, 1962: 82).

The breakdown of W. Alton Jones's mission to Iran in 1952 followed a similar pattern. Jones, the president of Cities Service Company, arrived in Iran on or about August 16 at the personal invitation of Mosaddeq. Following his inspection of the Abadan refinery, he enthusiastically announced that "The Free World knows that the Iranians can manage their own oil industry and operate the refinery" (*The New York Times*, Aug. 29, 1952: 5). And before his departure from Iran, Jones said that "he might buy oil from Iran . . . irrespective of whether Britain or the Anglo-Iranian Oil Co. would take legal action against his company for handling Iranian oil products" (*The New York Times*, Sept. 19, 1952: 8). The Jones mission, however, failed. In September 1952, the two companies with which Jones was affiliated, Cities Service and Sinclair, signed long-term contracts for Kuwait oil with the Gulf Oil Corporation. These provided for extremely low prices (\$7.40 per ton, as against \$12.89 per ton). Subsequently, these two companies received shares in the international consortium that succeeded the AIOC after the coup (Nirumand, 1967: 71).

The U.S. policy towards Britain contrasted sharply with its policy towards Iran. The U.S. government cooperated with the British in order to ameliorate the economic difficulties besetting the British as a result of the nationalization of its Iranian interests. Nineteen American oil companies were formally invited by the defense production administrator to participate in a voluntary agreement, the expressed purpose of which was to offset the deficit of supplies of crude oil and refined products resulting from the interruption of Iranian petroleum operations. Its provisions guaranteed the British enough petroleum for 1951 to replace the amount which under normal circumstances would have been secured from Iran (Walden, 1962: 85-86). American replacement was so successful that, according to *The New York Times* headline in early 1952, "Loss of Oil in Iran Is Fully Replaced" (Jan. 3, 1952: 58).

During this period Mosaddeq was under attack from two sides. From the outside there was the U.S., which by 1952 had abandoned any semblance of neutrality, and Great Britain, which with the former had become "as inseparable as 'tweedledum and tweedledee'" (*The New York Times*, Aug. 30, 1952: 2). From the inside, there were pro-American and pro-British circles within the Parliament and the Court which had begun to intensify their offenses against Mosaddeq. The anti-Mosaddeq activities of these groups were particularly reinforced by Mosaddeq's failure to return from the U.S. with some kind of assistance, and by the economic difficulties which followed nationalization of the oil industry. However, these pressures made Mosaddeq firmer and more persistent on his nationalization policy (Dshawanshir, 1980: 242). Frustrated with the Americans' empty friendliness, Mosaddeq "remarked to the United States' ambassador that the Iranians were not donkeys and could no longer be deceived by professions of friendliness" (Eden, 1960: 230).

Mosaddeq, however, began to realize that the oil problem was not to be settled soon. He therefore attempted to reorganize the Iranian economy independent of oil.

In December 1951 he stated in the Parliament that "we should assume that like Afghanistan and the European countries we do not have oil, we should reduce our spending and increase our revenues, the nation should tolerate [the burden of hard times] in order to free itself from the yoke of slavery . . ." (cited in Dshawanshir, 1980: 159). Four months later, in early spring of 1952, the oil-less economy became the official economic policy of the government (Dshawanshir, 1980: 159). Under pressure from below as well as from the Tudeh Party of Iran and the radical wing of the National Front, Mosaddeq decreed a land reform law according to which "all landlords must give up 20 percent of their share of crop: 10 percent was to go to the peasant and 10 percent to newly created rural banks that would help the peasants with credit. To collect the unpaid back taxes of the rich, commissions were created throughout Iran that were entitled to jail, and confiscate the property of, those in arrears" (Keddie, 1981: 136; and Abrahamian, 1982: 273). This measure antagonized the landowners. To ameliorate economic problems, Mosaddeq also attempted to nationalize certain enterprises such as bus and telephone companies. To reduce food prices, he opened new bakeries. These measures were opposed by the bazaar and contributed to the bazaar's withdrawal of support from Mosaddeq (Abrahamian, 1982: 273-79).

Learning that no oil money was forthcoming, the Iranian bourgeoisie had the choice of remaining nationalist, proud and poor, and continue to support Mosaddeq, or to back his enemy, the Shah, with the expectation that the latter would support bazaar economic interests. They chose predominantly the latter option. Many of the leaders of the National Front—such as Ayatullah Kashani, Qonatabadi, Makki, and Baqai—all of whom had close ties with the bazaar, betrayed Mosaddeq and established contact with the Shah's forces. On the international level, the U.S. and Britain had been actively conspiring to overthrow Mosaddeq for some time. In collaboration with the Court, they engineered a coup which led to his downfall in August 1953. The fact that the coup was engineered by the U.S. and Britain is a matter of historical fact. According to Roosevelt, the chief CIA agent directing the coup operation known as AJAX:

What AJAX was intended to be was a cooperative venture. It allied the Shah of Iran, Winston Churchill, Anthony Eden and other British representatives with President Eisenhower, John Foster Dulles and the U.S. Central Intelligence Agency. The alliance was to be formed for the purpose of replacing an Iranian Prime Minister, Dr. Mohammad Mossadegh [sic] (Roosevelt, 1979: 2).

### **The Seven Sisters and the U.S.-British Coalition Against Mosaddeq**

The British interests in overthrowing Mosaddeq were evident. But how could one explain the United States' hostile policy towards Mosaddeq and its complicity with the British in engineering the coup? A number of arguments are presented by U.S. officials to justify active American involvement in the coup against Mosaddeq. The first is that since Iran had "confiscated" rather than "nationalized" the oil industry, it was worthy of condemnation and is thus considered the reason for U.S. lack of sympathy for the government of Mosaddeq. This argument, however, rests on shaky grounds. Even if one grants this tenuous distinction between confiscation and na-

tionalization, facts seem to point to a different conclusion. Throughout the entire episode Mosaddeq continuously expressed his willingness to make suitable restitution to the British (UN Security Council, 1951). As Walden asks, "if the only way funds to recompense the former owners could be secured was by selling oil, why did official United States policy fully sanction an economic boycott which prevented more than a minute fraction of Persian oil output from leaving Iranian shores for over two years?" (Walden, 1962: 89).

The second argument is based on the standard U.S. defense of its foreign policy: the politics of anti-communism. Such an argument is consistent with the state-centered perspective (e.g., Evans, 1985: 217). Accordingly, since Mosaddeq was moving toward the Soviet Union and the Tudeh Party of Iran, the U.S. helped the Iranian people to take back their country. For example, Roosevelt argues that "Dr. Mosaddeq had already attempted to expel his monarch, replacing him with himself, and he had formed an alliance of his own with the Soviet Union to achieve the result he wanted" (Roosevelt, 1979: 2). Roosevelt adds, "naturally, the British have been primarily concerned with their oil problem, while our concern has been principally the Soviet threat to Iranian sovereignty" (Roosevelt, 1979: 11). This argument also rests on factually shaky grounds. Mosaddeq and virtually all the members of his cabinet were strongly pro-United States. To give an example, one of the most radical members of Mosaddeq's Cabinet, Fatemi, romanticized United States foreign policies with the following words:

From the other side of the Atlantic Ocean, from the State of Liberty and from the Land of George Washington, these days we hear the message of affection. The United States of America that, with its invaluable material and moral assistance, have saved many nations of the world from death and starvation, and the hungry and destroyed Europe from embracing communism, today is going to assume a much heavier responsibility. The United States must help us at the mouth of the volcano [implying the Soviet Union] . . . We do not interpret United States' assistance but as a [reflection of] humanitarianism and feeling of love for humanity (cited in Dshawanshir, 1980: 72).

This is not to suggest that anticommunism had played no part in the U.S. policy towards Iran in this period. Nor does anticommunism contradict the economic interests the U.S. and Britain were attempting to protect. On the contrary, U.S. politicians frequently expressed their concerns regarding the growth and influence of the Tudeh Party of Iran. What is questionable, however, is the argument that Mosaddeq was pro-Communist and was moving towards the Socialist countries. In fact the strategic policy of the National Front was based on anticommunism and the support of the United States. Mosaddeq himself was pursuing the same anti-Communist policy. He often warned the Americans that if they did not provide him with enough assistance, Iran would by default go Communist. Perhaps one of the factors which helped the success of the coup was Mosaddeq's reluctance to cooperate with the Tudeh Party of Iran or to ask for assistance from the Soviet Union. The Mosaddeq government did not respond positively and adequately to the continued efforts of the Socialist countries for the purchase of Iranian oil. The leaders of the

National Front did not want to make the Americans angry (Dshawanshir, 1980: 164-185). How then could anticommunism explain belligerent U.S. action against a friendly politician whose ideal was the American style of democracy?

Given this basically pro-United States perspective on the part of Mosaddeq and many of his supporters, why did the United States follow the policy it did? If anticommunism does not adequately explain U.S. action towards Mosaddeq, then an answer can be found only from a basic comprehension of the class interests underlying United States policy in the Middle East. The class interests in question were those of the large oil companies which were directly threatened by Mosaddeq's nationalization of the oil industry and which benefited from his downfall.

The world petroleum trade was dominated by seven big oil companies, or the "Seven Sisters," which have been termed the International Petroleum Cartel. These are Exxon, Texaco, Socal, Gulf, Mobil, British Petroleum (formerly AIOC), and Shell. The first five are based in the United States; the sixth is British; and the seventh is the Royal Dutch Shell Group which is sixty percent Dutch and forty percent British (Spann, 1955; Baku, 1980: 6; and *Staff Report*, 1952: 253-254). In 1952 these companies accounted for one-half of the world's total crude production, including that of the Soviet Union (*World Oil*, August 1953: 92). In 1949 they controlled 65 percent of the world's estimated crude reserves and, excluding the United States, Mexico and the Soviet Union, some 92 percent of such reserves (Walden 1962: 90). Furthermore, they controlled 57 percent of all refining, two-thirds of the world's tanker tonnage, all major pipelines outside the United States, and the sale of oil throughout the world (Nirumand, 1967: 64).

The overall control by the International Petroleum Cartel over world petroleum reserves, productive capacities, and refining and distribution facilities had led to domination of the world market. In a variety of ways the Seven Sisters cooperated with each other so that steadily increasing control of production by international interests, bound together by an intricate maze of joint ownership and contractual and cartel relationships, gave promise of less difficulty in the future in following a common policy (*Staff Report*, 1952: 254). For many years the large international oil companies marketed petroleum products in accordance with the terms of a series of agreements as to quota and pricing arrangements that culminated in 1934 with the adoption of a general understanding which was embodied in a document entitled Draft Memorandum of Principles (DMOP):

Although the memorandum is not dated, it has been agreed that it applies from the 1st of January 1934, and that therefore, from that date this new memorandum should replace all existing local agreements which may have been developed on the lines of the memorandum for European markets (cited in *Staff Report*, 1952: 254).

DMOP declared that its main principle was to consider "as is" to be "of indefinite duration, unless terminated by one month's notice, which may be given at any time." It was further provided, however, that since the "as is" principle was of a durable nature such termination shall not prevent the participants from endeavoring to get together to find a basis for its renewal (*Staff Report*, 1952: 255-56). However, a representative of Standard Oil Company (New Jersey) in 1950 claimed that the

DMOP had been terminated “in or before the early part of 1938 . . . Any activities [sic] that may have survived came to an end in September 1939, as a result of the outbreak of the war. They were never resumed” (cited in *Staff Report*, 1952: 266). Evidence suggests that the rule of business conduct elaborated in DMOP did not become wholly ineffectual after 1939. During World War II, the distribution of petroleum to the Allies throughout the world conformed to the previously established marketing arrangement under DMOP (Walden, 1962: 91-92). Moreover, a special investigating committee of the Swedish Riksdag in 1947 found evidence of continued cooperation among three major international oil companies. This committee cited documentary evidence that in December 1938, Standard, British Petroleum, Shell, and Texaco decided a new agreement should be made to cover the Swedish market. A new draft agreement was drawn up in February 1939, but was not formally signed. The Swedish investigating committee further found evidence that it was not until 1942 that the Swedish subsidiaries of the American companies had been informed by the parent companies that agreements of the kind in question, that is, Swedish local agreements, must no longer be made because they were at variance with the American antitrust laws. However, it appears that even then cooperation between the large oil companies did not entirely cease, for the same investigating body learned that as late as 1943 some companies’ representatives in Sweden had discussed an adjustment of over- and undertrading and that, at the end of 1946, negotiations were conducted regarding uniform prices and rebates that led to an agreement regarding selling conditions (*Staff Report*, 1952: 266). Walden (1962: 92-3) also presents documents indicating the existence and revival of many marketing agreements by the International Petroleum Cartel in different countries after World War II.

To establish the connection between the domination of world petroleum by the Seven Sisters and the U.S. British coalition against Mosaddeq, one should assess the importance of the Middle East oil to these companies. At that time, Middle East petroleum reserves constituted over 60 percent of all crude reserves in the entire world. This fortune was divided among the Seven Sisters. In the Sheikhdome of Kuwait, for example, a concession lasting until the year 2026 was divided between BP and Gulf through their equal ownership of stock in Kuwait Oil Company. In neighboring Iraq, BP, Compagnie Francais des Petroles (a French concern with heavy government interests), and Shell each had a 23.75 percent participation in all of that nation’s rich reserves. Another 23.75 percent was held by Mobil Oil Company (formerly Socony Vacuum) and Standard Oil (New Jersey), effectuated through their joint ownership of the Near East Development Company. In Saudi Arabia lying to the south, four American concerns, Socony Mobil Oil Company, Standard Oil Company of California, Standard Oil Company of New Jersey, and Texaco, Inc. together owned Arabian American Oil Company (Aramco) which had concession rights to prolific oil reserves lasting in some instances until the twenty-first century (*World Oil*, March 1954: 242).

In 1951, at the time of the nationalization of the Iranian oil industry, AIOC was heavily involved in all of the other important Middle Eastern oil producing nations except Saudi Arabia. The other large international oil companies (except Texaco and

Standard Oil Company of California) were partners of AIOC in at least one of these other ventures. Moreover, both Standard Oil Company of New Jersey and Socony Mobil had entered into long term contractual arrangements with Anglo-Iranian commencing in 1952 for the purchase of crude oil production from Kuwait or Iran itself (Walden, 1962: 94-95). This close affinity among the seven large oil companies in the Middle East had formed a community of interests which placed a premium upon price stability, production control, and mutual respect for one another's marketing outlets. As Miller (1960) suggests, these companies display a remarkable ability to get along together.

This, however, does not mean that the relationships among these oil companies had always been free of conflict. As noted earlier, the conflict between American and British oil interests was an important factor for initial U.S. support of Mosaddeq. But when the fundamental interests of the Seven Sisters were at stake, the large oil companies spared no effort in assisting AIOC in offsetting its losses from Iran. They effectively collaborated with each other to boycott Iranian oil, thus bringing tremendous economic power to bear in support of the British (*The New York Times*, June 24, 1951: 4). The nineteen American companies who participated in the Voluntary Agreement of June 25, 1951 in fact constituted "the entire American oil industry operating outside North America" (Walden, 1962: 97).

U.S. policy toward Mosaddeq and the National Front, and the 1951 voluntary agreement of the oil companies can only be explained when the nationalization of the Iranian oil industry is seen as a threat to the economic and political supremacy of the Seven Sisters and their world petroleum production and marketing arrangements. At the time of the nationalization, the Iranian oil production accounted for more than one third of the total Middle Eastern oil production. Large quantities of this oil, about 150,000 barrels a day, were exported to countries in Western Europe, Argentina, and Australia. The remainder, about 510,000 barrels a day, was refined at a huge installation at Abadan and thereafter exported to "friendly nations." The nationalization of the Iranian oil industry and the Abadan shutdown disturbed the cartelized pattern of international oil production and distribution. According to *The New York Times*, "the economic nature of the world oil pool is such that a disturbance anywhere on its perimeter sends shock waves throughout its whole body" (*The New York Times*, May 27, 1951: 4; and Spann, 1952: 291).

The voluntary agreement was supposed to provide a solution to this problem. Under the terms of this arrangement, it became feasible for the major companies previously obtaining oil from Iran to replenish their supplies through purchases from and exchanges of products with competitors, thereby helping to maintain their previous world market positions. According to Walter Levy, "the Anglo-Iranian Oil Company during this period in general maintained its supplies to all of its customers by procuring the necessary quantities from other oil companies" (cited in Walden 1962, p. 99, n. 186). Thus "the effective redistribution of world production by the U.S. formed Foreign Petroleum Supply Committee . . . eliminated world dependency on Iranian oil, which previously accounted for six percent of the total global output" (*World Oil*, Jan. 1952: 242).



It should be noted that all of these activities on the part of the industry to maintain the status quo presupposed an effective boycott and embargo of Iranian oil. Even the small trickle of oil that managed to seep into the controlled markets of the world from beneath the careful supervision of the oil cartels caused considerable concern among the oil companies. Observing that Iranian oil had been offered to an Italian concern at a discount of 50 percent from the prevailing world prices. *The New York Times* reported that “if any sizable quantity of the nation’s production should go into international markets at the present low offering price, oil executives have fear it might bring some price instability” (*The New York Times*, March 13, 1953: 10). As an Iranian representative from the oil industry stated, “the sale of oil at 2 pounds a ton would make it impossible for foreign companies to compete with Iran because Iran will be selling at 60 to 70 percent reduction” (cited in *The New York Times*, Dec. 26, 1951: 2).

U.S. policy vis-a-vis Iran thus consistently reflected the interests of the International Petroleum Cartel. Walter J. Levy, chief advisor to the Harriman mission to Iran, was foreign economic advisor to Socony-Vacuum Oil Company and, at the time of the mission, is reported to have been under retainer to several of the large international oil companies (Walden, 1962: 103). Levy “kept insisting upon difficulties that Iran would encounter as a result of her nationalization program” (*The New York Times*, July 20, 1951: 3), including the loss of all international markets for Iranian oil (*The New York Times*, July 18, 1951). The chairman of the Foreign Petroleum Supply Committee, responsible for administering the terms of the voluntary agreement, was Steward Coleman, a director of Standard Oil Company of New Jersey and the Arabian American Oil Company (Walden, 1962: 104).

After the coup, the new government of Iran—which “could be described not only as an American client state but as an American dependency” (Cottam, 1979: 323)—was quick to come to terms with the international petroleum companies. The resumption of negotiations and consultation resulted in an agreement in 1954 according to which a consortium of the large international oil companies was set up to take over the operation of the Iranian oil industry. The consortium owned two operating companies: one in production and exploration, the other in the business of refining. Iran through NIOC was entitled to nominate two out of seven representatives on the boards of directors of each of the operating companies. While in theory the companies were supposed to act on behalf of NIOC, the agreement made it clear that the operating companies would determine and have full and effective management and control of all their operations (Hearing, 1955: 1551-1651). The agreement subjected Iranian Oil resources to foreign control for another thirty years. The consortium had virtually complete control over oil production, distribution, and pricing, while Iran maintained a nominal ownership. In view of the above arrangement, it is not surprising that Secretary of State John Foster Dulles was reluctant to disclose the complete content of the oil agreement on the ground that “the exposure of these issues could be used by irresponsible elements contrary to the interests of the United States and its allies” (Hearings, 1955: 1559).

## Conclusions

The foregoing analysis supports a class-centered model of state actions. It was argued that the oil nationalization movement emerged at the conjuncture of the U.S.-British oil conflict and the mobilization of the Iranian national bourgeoisie for a greater share of the oil revenue and state support for national industry. Throughout the entire period of the oil dispute, the behavior of the states involved was mainly governed by their underlying economic interests. On one side of the dispute stood the International Petroleum Cartel which had a monopoly control over the production, distribution, and pricing of the Middle Eastern oil. On the other stood a coalition of the indigenous social classes of Iran politically organized into the National Front, attempting to bring the oil under state control. Hence there was a real possibility of severely disturbing the cartelized pattern of production, distribution, and pricing of the Middle Eastern oil.

The historical evidence also provides some support for the state-centered argument. It was evident that the preexisting structure of the Iranian state and its ideological framework limited the number of political options available to Mosaddeq. The National Front grew within the context of a semiconstitutional monarchy with a strongly pro-U.S. orientation and anti-Communist ideology. Given that by the late forties all social revolutionary movements were effectively defeated, the Front's goals and strategies were defined within this context. The formation of a radical political alliance was not an easy option for Mosaddeq. Thus Mosaddeq, who played to classes in Iran with his nationalistic oil policy but not to state revenue needs, ultimately fell. The Shah, who wanted to build state power but not to serve Iranian classes, took the only "realistic" policy for that era, returning the oil to Britain. Further evidence of the state-centered perspective may be provided if one considers British policies in the oil dispute. Britain was evidently directed by both its revenue needs and geopolitical interests. Nevertheless, its capacity for action was limited by both the international political arrangement and U.S.-based economic interests. However, in the overall dynamic of the interactions between Iran, Britain, and the United States, class interests were playing a central role.

While the Iranian case demonstrates the centrality of class in explaining state action, it questions orthodox Marxist formulation that reduces the state to a mere reflection of economic interests. The state is an actual organization with its own interests and ideology. Since it is not directly controlled by politically conscious members of the ruling class, the state pursues policies according to its interests in maintaining order, expanding its sources of revenue, and managing the economy. It is true that the structural constraints of the dominant mode of production and the organizational power of the dominant classes may limit state action such that the state ends up serving the interests of the dominant classes. Nevertheless, it is also true that state policies may (unintentionally) disorganize the ruling class or undermine the stable functioning of the economy. Thus for future research, it is fruitful to consider the state and class as interdependent actors. However, this interdependent relationship is asymmetrical such that, in general, the dynamic of class interests is a more crucial variable than the dynamic of state interests in explaining historically significant events.

## Acknowledgment

I would like to thank the participants in the Social Organization Colloquium, Department of Sociology, University of Wisconsin-Madison (Fall 1985) and Professors Werner Einstadter and Barbara Bilge for their critical comments on the earlier draft of this paper. I also thank Mr. Robert Ferrett at the Center for Instructional Computing for his technical assistance. The editorial comments of the reviewers for SCID are gratefully acknowledged as well.

## Notes

1. The Constitutional Revolution was Iran's first modern revolution. It began in December 1905 and ended in 1911. The Revolution was directed against the despotic rule of the Qajars. The major gains of the Revolution were a constitution, which was to limit the arbitrary power of the monarch, and a Parliament whose members were to be elected by the adult male members of the Iranian society. In 1921, backed by General Ironside, the commander of British military forces in Iran, Colonel Reza Khan overthrew the Qajar dynasty in a coup. In 1925, Reza Khan managed to become the Shah of Iran and established Pahlavi Dynasty (Keddie, 1981: 86-93).
2. To give a few examples, the British controlled 56 percent of APOC. Therefore, they were able to grant a rebate to the British Royal Navy in 1920 despite the disagreement of the Iranians. Furthermore, the Iranians were demanding back payments and royalties, which had been discontinued during the war period of 1916-1920, as well as a share in the profits of the subsidiaries. The British responded with a bill of over 600,000 pounds in damages to compensate for the severance of their pipeline by Turks during the war. This dispute was temporarily settled by the Armitage-Smith Agreement of 1920 that awarded Iran a lump-sum settlement of one million pounds (Walden, 1962: 65-66). Finally, between 1914 and 1920, oil output had increased from 274,000 to 1,385,000 tons annually, and by 1933 the company had made a profit of 200 million pounds. By contrast, Iran had received only ten million of the thirty-two million pounds due it contractually. Iran had received less than one-third of the share to which it was itself entitled by the agreement (Nirumand, 1967: 32).
3. The AIOC's labor policy was also less than satisfactory from the Iranian perspective. The company actually increased its number of foreign employees from 1,800 in 1933 to 4,200 in 1948 without training any Iranian technical staff (Mosaddeq, 1951: 19). Although the company was explicitly obligated to provide health services and housing for the workers employed in its operations, more than 80 percent of the Iranian workers in the oil regions were without housing. They took refuge in hovels made of old tents, mattings, and discarded tin cans. The houses built in Ahadan and other oil centers were occupied mostly by the British staff (p. 19).  
In 1949, the finance minister under Reza Shah admitted to the Parliament that he had signed the 1933 agreement under pressure and order from Reza Shah (Nirumand, 1967: 32; Dshawanshir, 1980: 57). A supplemental agreement was negotiated between the Iranian government and AIOC in 1949 but it was rejected by the Parliament. In substance, it differed little from the 1933 agreement.

## References

- ABRAHAMIAN, ERVAND  
1982 *Iran: Between Two Revolutions*. Princeton: Princeton University Press.
- ALAVI, HAMZA  
1972 "The State in Post-Colonial Societies: Pakistan and Bangladesh." *New Left Review*, 74: 59-81.
- ANDERSON, PERRY  
1974 *Lineages of the Absolutist State*. London: New Left Books.
- BAKU, ESMAIL  
1980 *Oil Revenue and Socio Economic Development in Iran, 1963-1978* (Unpublished Ph.D. Dissertation, Department of Sociology, University of Wisconsin-Madison).
- BAMAT, THOMAS  
1977 "Relative State Autonomy and Capitalism in Brazil and Peru." *The Insurgent Sociologist* 7 (Spring): 74-84.
- BLOCK, FRED  
1977 "The Ruling Class Does Not Rule: Notes on the Marxist Theory of the State." *Socialist Revolution*, no. 33 (May-June), 6-28.
- COTTAM, RICHARD  
1979 *Nationalism in Iran*. Pittsburgh: University of Pittsburgh Press.
- DSHAWANSHIR, FARAJULLAH M.  
1980 *Tajrebeh-ye Bisto Hashi-i Mordad [The Experience of the Twenty Eight of Mordad]*. Tehran, Iran: Tudeh Publications.

- EDEN, ANTHONY  
1960 *Full Circle*. Boston: Houghton Mifflin.
- ESPING-ANDERSEN, GOSTA, ROGER FRIEDLAND, and ERIK OLIN WRIGHT.  
1976 "Modes of Class Struggle and the Capitalist State." *Kapitalistate*, 4-5, 186-220.
- EVANS, PETER  
1985 "Transnational Linkages and the Economic Role of the State: An Analysis of Developing and Industrialized Nations in the Post-World War II Period." In Evans et al., eds., *Bringing the State Back in*. 192-226. Cambridge: Cambridge University Press.
- EVANS, PETER, DIETRICH RUESCHEMEYER, AND THEDA SKOCPOL  
1985 *Bringing the State Back in*. Cambridge: Cambridge University Press.
- GRADY, HENRY F.  
1952 "What Went Wrong in Iran?" *Saturday Evening Post*, (Jan. 5): 30, 56-58.
- HALLIDAY, FRED  
1979 *Iran: Dictatorship and Development*. Middlesex, England: Penguin Books.
- Hearings  
1955 "Antitrust and Monopoly Problems," *Hearings Before the Antitrust Subcommittee of the Committee on the Judiciary House of Representatives* (Subcommittee no. 5), 84th Congress, first session: 1551-1651.
- HENDERSON, BARRIE.  
1977 "The Chilean State After the Coup." *The Socialist Register*, 121-142.
- HINTZE, OTTO  
1975 "Economics and Politics in the Age of Modern Capitalism," In *The Historical Essays of Otto Hintze*, edited by Felix Gilbert, 422-52. New York: Oxford University Press.
- HOLLOWAY, JOHN and SOL PICCIOTTO  
1979 *State and Capital: A Marxist Debate*. Austin: University of Texas Press.
- HOWARD, HARRY N.  
1955 "The Development of United States Policy in the Near East, South Asia, and Africa During 1954: Part I." *Department of State Bulletin* (Feb. 14): 256-267.
- IVANOV, M.S.  
1977 *Tarikh-i Novin-i Iran [The New History of Iran]*. Stokholm: Tudeh Publications.
- KAMBAKSH, ABDOSSAMAD  
1972 *Nazari beh Jonhesh-i Komonisti va Kargari dar Iran [A Short Survey of the Worker's and Communist Movement in Iran]*. Stokholm: Tudeh Publications.
- KEDDIE, NIKKI R.  
1981 *Roots of Revolution*. New Haven: Yale University Press.
- LEVY, WALTER.  
1954 "Economic Review: Economic Problems Facing a Settlement of the Iranian Oil Controversy." *The Middle East Journal*, 8, 1: 91-95.
- MARX, KARL and FREDERICK ENGLES,  
1977 "The Eighteenth Brumaire of Louis Bonaparte." *Selected Works In One Volume*. New York: International Publishers: 97-180.
- MEHRABAN, RASOUL  
1982 *Gousheha-ee az Tarikh-i Moaser-i Iran [Aspects of Contemporary History of Iran]*. Tehran, Iran: Otared Publications.
- MILIBAND, RALF  
1969 *The State in Capitalist Society*. New York: Basic Books.
- MILLER, ARTHUR  
1960 "Corporation as a Private Government in the World Community," *Virginia Law Review*, vol. 46, no. 8 (Dec.): 1539-1572
- MOSADDEQ, MOHAMMAD  
1951 *UN Security Council Official Record*, 6th year, 560 meeting (S/PV. 560).  
*The New York Times*  
1951 May 19. "U.S. Urges Amity in Iran Oil Issue."  
1951 June 24. Reymond Daniel, "Britain Sees more than Oil at Stake in Iran."  
1951 July 18. "Harriman Thwarted by Iran in Opening Talk on Oil Issue."  
1951 July 20. "New Iran Oil Talk Won by Harriman."  
1951 September 11. "West Opens Talks on Global Issues."  
1951 September 13. "14 Deputies Assail Mossadegh on Oil."  
1951 October 8. Clifton Daniel. "British Oil Plans Now Discount Iran."  
1951 December 26. "Iran, Minus Funds, Recalls 26 Envoys."  
1952 January 3. "Loss of Oil Iran is Fully Replaced."  
1952 March 21. "U.S. Explains Bar to Loan for Iran."  
1952 August 6. "Anglo-Iranian Warns Again."  
1952 August 29. "Iran Says Oil Man Made Bid for Visit."

- 1952 August 30. "U.S., Britain Press Oil Solution Move."
- 1952 September 19. "U.S. Oil Executive Hints Aid to Iran."
- 1952 December 8. "Broker Sees Flow of Oil from Iran."
- 1953 March 13. "Mossadegh Offers Deal on His Power."
- NIRUMAND, BAHMAN
- 1967 *Iran: The New Imperialism in Action*. New York: Monthly Review Press.
- O'DONNELL, GUILLERMO
- 1978 "Reflections on the Patterns of Change in the Bureaucratic-Authoritarian State." *Latin American Research Review*, 13, 1:3-38.
- POULANTZAS, NICOS
- 1972 "The Problem of Capitalist State." In *Ideology in Social Science*, ed. Robin Blackburn, 238-53. New York: Vintage Books.
- 1974 *Fascism and Dictatorship: The Third International and the Problem of Fascism*. London: NLB.
- 1978 *Political Power and Social Classes*. London: Verso, 1978.
- ROOSEVELT, KERMIT
- 1979 *Counter coup: The Struggle for the Control of Iran*. New York: McGraw-Hill Book Company.
- SALEH, ALLAHYAR
- 1951 *UN Security Council Official Records*, 6th year, 563 meeting, (S/PV. 563).
- SKOCPOL, THEDA
- 1979 *States and Social Revolutions: A Comparative Analysis of France, Russia, and China*, Cambridge University Press.
- 1985 "Bringing the State Back in: Strategies of Analysis in Current Research." In Evans et al., eds., *Bringing the State Back In*, 3-37. Cambridge: Cambridge University Press.
- SPANN, ROBERT E.
- 1952 "Danger Signs Abroad." *World Oil* (June): 291, 296.
- 1955 "Who Controls Crude Reserves Outside of the United States." *World Oil* (Jan.): 221-222, 234.
- Staff Report
- 1952 "The International Petroleum Cartel," 82nd Congress, 2nd Session, Committee Print no. 6. (August 22): 252-274. Washington D.C.: United States Government Printing Office.
- SWEETZ, PAUL
- 1942 *Theory of Capitalist Development*. New York: Monthly Review Press.
- THERBORN, GORAN
- 1983 "Why Some Classes Are More Successful Than Others." *New Left Review*, No. 138 (March-April): 37-55.
- Time
- 1950 January 2. "Troubled Waters."
- 1950 February 13. "Oil, British Bobble."
- 1950 March 20. "Foreign Trade, Big Stick."
- TRIMBERGER, ELLEN K.
- 1977 "State Power and Modes of Production: Implications of the Japanese Transition to Capitalism." *The Insurgent Sociologist*, 7 (Spring): 85-98.
- United Nations
- 1951 *Security Council Official Records*, 6th year, 560 meeting 25 (S/PV. 560).
- U.S. News & World Report
- 1951 June 8. "Sparks in the Oil-Soaked East."
- WALDEN, JERROLD L.
- 1962 "The International Petroleum Cartel in Iran—Private Power and the Public Interest." *Journal of Public Law*, vol. 11, no. 1 (Spring): 64-121.
- WALLERSTEIN, IMMANUEL
- 1974 *The Modern World System*. New York: Academic Press.
- 1979 *The Capitalist World-Economy*. Cambridge: Cambridge University Press.
- White House Press Release
- 1953 "Exchange of Messages Between the President and Prime Minister Mossadegh on the Oil Situation and the Problem of Aid to Iran." *Public Papers of the Presidents*, 482-486.
- World Oil
- 1953 August. "Who Produces World's Oil."
- 1954 March. "Complete Data Disclosing."
- WRIGHT, ERIK O.
- 1979 *Class, Crisis, and the State*. London: Verso.

