

REAR VISION - ABC RADIO PROGRAM - 24 June 2009

Annabelle Quince: Welcome to Rear Vision, here on ABC Radio National, this week with me, Annabelle Quince.

But first today, a story that may explain why the Iranian leadership accuses Britain and the United States of fomenting the current political unrest. It's a story that begins in 1953, a story about oil, a democracy movement and the CIA coup that destroyed it.

In 1953 Iran had a democratic government, led by prime minister Mohammad Mossadeq. But before we get to that, we have to go back even further to the end of the 19th century when western colonial powers were beginning to realise the value of the Middle East's oil reserves.

While Iran, unlike its neighbours, had never been colonised, by the end of the 19th century the two colonial powers of the region, Britain and Russia, began to pressure it both politically and economically. In 1901 the Shah of Iran, who was in need of money, signed an oil concession with Britain. The concession gave Britain the exclusive rights to prospect for oil for 60 years in most of Iran. Seven years later, vast quantities of oil were discovered in south-west Iran.

Steven Kinzer is a veteran New York Times journalist and the author of *All the Shah's Men: An American coup and the roots of Middle East terror*.

Steven Kinzer: When the oil was actually found, it proved very easy for the British to pay a relatively paltry sum in exchange for what Winston Churchill described as 'a prize from fairyland beyond our wildest dreams'. So all the oil that the British used to power their industrial growth during the 1920s and '30s and '40s, came from Iran. All the oil that the Royal Navy used to project British power all over the world, came from Iran. It was a vital resource that allowed the people of Britain to live at a standard of living they enjoyed, all during that period. At the same time, the Iranians, who were sitting on this ocean of oil, were living in what were some of the lowest and most miserable standards of living in the world.

So you had this terrible disconnect of British power being fuelled, quite literally, by oil from Iran but Iranians not being able to profit at all because of this hugely unequal treaty that had been signed years earlier under the old Qajar Shahs.

Annabelle Quince: So what was the deal, and how much of the profit from the oil reserves went back to Iran?

Steven Kinzer: There was a vaguely worded deal in which the British agreed to pay 15% of the profits in perpetuity to Iran. However, no Iranians were ever allowed to look at the books, that was part of the deal. So you just had to take it on faith that this was a fair 15%; this amounted to a very small sum of money. In addition, the oil company was owned principally by the British government, and the British government as a way of kind of cooking the books, established very heavy taxes on the oil company, essentially was taxing itself and was just funnelling revenue from Iran through the oil company into the British Treasury. So it appears, as many Iranian analysts thought but were never ever allowed to look at the books, that even the 15% they were sending was 15% after the government had already taxed something like 80% of the company's income, and just taken it into the Treasury.

So no-one really knows how much the British paid, but it's clear that it was a very tiny fraction of the actual value of the oil.

Annabelle Quince: In 1941, during World War II, the allies invaded Iran, deposed Reza Shah, who had ruled since 1921, and replaced him with his young son. Mark Gasiorowski is a professor of political science, and the editor of Mohammad Mossadeq and the 1953 Coup in Iran.

Mark Gasiorowski: He had been installed in power in 1941 at the age of 21 when the British and the Russians jointly invaded Iran, to make a supply route for the Russian war effort. The Shah's father, Reza Shah, was not regarded as being pliable enough and the British and the Russians were concerned that Reza Shah might be pro-German, and just couldn't stand that, so they overthrew Reza Shah and installed on the throne his young son.

So the young Shah was only 21 years old at the time, he had a very weak personality, he was a very brooding figure, not at all decisive, and that remained the case up until the Mossadeq era, he was not a dominant powerful monarch. He was something more than a constitutional monarch let's say, the sort that Britain has now, so actually he was not the kind of strong, dominant monarch that he really became.

And so in this period from 1941 until Mossadeq became prime minister in 1951, this is a period of – I wouldn't really call it democracy but I would certainly call it pluralism – when there was very wide open political activity in Iran. And very quickly during World War II, lots of different political parties emerged, lots of different newspapers emerged, the parliament quickly became a very dynamic body; it was a real period of political foment.

Mansour Farhang: This is a period that every political formation in Iran from the Royalists to the Communists, even the fascist party, they were all active.

Annabelle Quince: Professor Mansour Farhang was the Iranian ambassador to the United Nations after the revolution in 1979, and was a young man in Tehran during this period.

Mansour Farhang: Organising, publishing, debating, demonstrating; so it was chaotic but nevertheless it was an experience of democratic parties that Iranians had never had. And Mossadeq emerged as the most popular and the most trusted leader of the nationalist liberal forces in Iran. He was a Swiss-educated lawyer, and yet he was deeply connected with Iranian culture and in folk ways.

Annabelle Quince: Mossadeq's policies put him at odds with the British and the ruling elite in Iran.

Mansour Farhang: He had two principles: one was nationalisation of the Iran oil industry and settlement of the differences with the British through peaceful or legal means, and his second objective was to create infrastructure for open and free elections in Iran. So the first principle threatened British interests in the region. This was the very first time that a native government in the Middle East region was challenging British nature, for the first time. And then his second goal, establishment and implementation of free elections, that was extremely threatening to the landowning class, particularly in the country centres and these old aristocratic-type people who were connected to the monarchic regime, and they simply did not want to submit to free elections, but they knew that free elections in Iran would have meant a significant reduction of their power and influence. So there was this coalition between old-type political class in Iran and Great Britain, and this combination finally managed to solicit the support of the United States.

Annabelle Quince: You're listening to Rear Vision on ABC Radio National with me Annabelle Quince. In today's program we're taking a look at the history of democracy and coups in Iran.

In 1951 Mohammad Mossadeq was elected prime minister of Iran by the parliament, and the first thing he did was nationalise the oil industry.

Mark Gasiorowski: Well the reaction from the British was just a certain amount of astonishment and certainly disdain towards this Iranian upstart who would do such a thing. And they very quickly came to the decision that they were going to take all sorts of means to try to stop Mossadeq and reverse the oil nationalisation. So very quickly within the following weeks, they began to gear up a

full-scale embargo of Iranian oil exports, which was very successful. They slapped various kinds of economic sanctions on Iran, they began covert operations with their various intelligence assets inside Iran, to try to overturn Mossadeq, they even geared up an invasion plan; they were all set to invade Iran in September, 1951 and it was only intervention by President Truman that stopped the British from invading south-western Iran and seizing the oil areas.

Steven Kinzer: Mossadeq was a huge figure because no-one from a poor country had ever challenged the rulers in the world the way that Mossadeq did. In the subsequent years you had Nasser and a whole series of other leaders who challenged the sort of ruling system in the world, but no-one had done it before Mossadeq. He stood up against all of the powers of the world on behalf of a cause that most people in most countries thought was very just, namely the Iranian control over Iranian oil. This conflict reached such a peak that Mossadeq actually came to the United Nations; the British were trying to pass a resolution there, demanding that he give back the oil company which he had seized, and the Security Council refused after Mossadeq spoke, to agree with that resolution. That was the first time ever that an important political resolution at the UN Security Council, presented by a big power, had ever failed to win approval.

So it was really a titanic challenge to colonial power when Mossadeq became prime minister and immediately with the unanimous votes of both houses of the Iranian parliament, announced the nationalisation of the Anglo-Iranian Oil Company.

That led to a huge crisis, and the oil was shut down. The British withdrew all their technicians and blockaded Iranian ports so that no Iranian oil could be exported. The British tried to stop him at the United Nations, they tried to file a case against Iran at the World Court in The Hague where Mossadeq also turned up, and the World Court ruled in favour of Iran. So nothing succeeded, and this is what led to the crisis when the British realised, 'If we don't do something radical, we are going to lose the most valuable foreign asset we possess in the whole world'. And that's what led to the coup of 1953.

Annabelle Quince: When did the idea of actually trying to get rid of Mossadeq first appear?

Steven Kinzer: By the beginning of 1953 it was becoming painfully obvious to the British that their many different efforts to head this thing off were not working. And as early as 1952 they had already thought about the possibility of arranging the coup. Now they actually made an effort to do this in the autumn of 1952, but Mossadeq got wind of it; he understood what was happening.

Actually Tehran was a very small town politically speaking in those days, and once the British put the word out to their operators that they were thinking of trying to overthrow Mossadeq, it was only a short time before Mossadeq found out about this. He did the only thing he could have done to protect himself: he closed the British Embassy and he sent all the British diplomats home. Among these diplomats were all the secret agents who were going to play in the coup. So now the British found themselves in even bigger trouble because they had exhausted all means to try to pressure the Iranians. Essentially they had stopped all production of oil in Iran and essentially told the Iranians, 'If you don't let us help exploit the oil, it's not going to be exploited, it's just going sit in the ground and no-one's going to get anything.' And the answer of the Iranians and Mossadeq was, 'That's fine, we'll just leave it in the ground then, no problem.' The British of course couldn't abide that.

So they found themselves after their Embassy in Tehran was closed, without even the means to overthrow Mossadeq. Then they really were in a kind of a panic. And they decided, this was when Winston Churchill was in his last hurrah as prime minister, the same Churchill who back in the 1920s as First Lord of the Admiralty had so urgently pressed for the takeover of Iranian oil, Churchill decided to ask the Americans to do this for him. 'Can you please overthrow Mossadeq for us?' this was the request that Churchill made to President Harry Truman in 1952.

Now the CIA was a relatively new agency then, they'd only been in business for about five years; it had never overthrown a government, and it was Truman's belief that the CIA should not do that. It was OK for the CIA to intervene and try to influence things in countries, but not to overthrow governments. So Truman told Churchill, 'No, we don't do that.'

Mark Gasiorowski: The attitude of the Truman administration was that first of all they were very concerned about unrest in the Middle East. You know, this is the time when the State of Israel had been created, there was now the Palestinian refugee problem, there was nationalist unrest spreading throughout the Arab world, there was real fear that the Middle East would catch fire. And the Truman administration and especially Secretary of State Acheson, were very sensitive to this, and very much had the idea that the United States should not throw gasoline on the fire, and should not antagonise this unrest that was sweeping the region. And so the attitude of the Truman administration, really until it finally left office in January, 1953, was to try to act more or less in an even-handed manner as an honest broker between the British and the Iranians.

Now when the Eisenhower administration came into office, it was very different. You know, it was a change in leadership, pretty similar for example to 2001 when the Clinton administration was replaced by the George W. Bush administration, really any of the other times in modern American history when Democrats have been replaced by Republicans, you usually see the same pattern, you know, relatively open-minded, moderate, progressive, people being replaced by much more hard-nosed Republicans. And this was very much the case in 1953. The key foreign policy leaders in the Eisenhower administration who were John Foster Dulles, the incoming secretary of state, and his brother, the incoming CIA director, Alan Dulles. They had been talking already before the inauguration about doing something, with Mossadeq trying to get rid of him. They were also very interested and intrigued with the idea of using covert intelligence operations to do things, and so they came into office very anxious to try to do something about Mossadeq, and indeed about two weeks after Eisenhower was inaugurated, in other words very early on, the initial decision was made by John Foster Dulles to start preparations for a coup.

Now that being said, Eisenhower himself didn't go along with that for about two more months. It was not until mid-March 1953 that Eisenhower finally agreed that the US should go forward with planning a coup.

Annabelle Quince: According to a BBC4 history documentary made in 2003, the BBC, the British Broadcasting Corporation, played a critical role in the coup. At midnight on the day of the coup, the BBC's International News, which was broadcast into Iran, announced the wrong date and time. This was regarded as a mistake at the time, but according to a 200-page CIA report acquired by the BBC history program-maker, the mistake was in fact a code signal sent to the Shah of Iran, to reassure him that the coup plot was proceeding as planned.

Reporter: The advance plan, that of having the Shah select a key phrase which would then be broadcast on the BBC on certain dates, was followed. In London, the necessary arrangements had been made by Derbyshire to send the phrase over the BBC.

Reporter: It is clear from our documents that this man Derbyshire was not on the staff of the Corporation. So what was he doing, interfering with BBC programs? There's no doubting the significance of a code word being broadcast. It was a prearranged signal to the Shah of Iran that plans were in place for a coup against Dr Mohamad Mossadeq, the leader of the country's elected government. This 200-page CIA report, less than subtly entitled 'Overthrow of Premier Mossadeq of Iran' details the unfolding plot led by an American agent called Kermit Roosevelt.

Steven Kinzer: Kermit Roosevelt was a fascinating character. He really was a true-life James Bond, and when it was decided that the United States would overthrow Mossadeq, he was the guy that the CIA turned to. They gave him the job. They told him, 'You've got to go to Iran and you've got to do everything you need to do and you've got to overthrow Mossadeq.' Kermit Roosevelt

crossed over clandestinely into Iran at the beginning of August, 1953. He went to work in a basement office in the US Embassy and immediately began building a network of people, basically by bribing them. He bribed all manner of people.

One of the early plots that he came up with was that he would try to bribe enough members of parliament so that maybe they could vote a No Confidence motion to depose Mossadeq. And a number of them accepted these bribes, and they broke away from the Mossadeq coalition.

But the idea of deposing Mossadeq through a vote of No Confidence never panned out. So Kermit Roosevelt went off and did other things with his money. For example, he bribed mullahs, the religious leaders in Iran, to begin denouncing Mossadeq from the pulpit as an atheist, or non-believer, which was not true, as Mossadeq was a devout Twelver Shi'ite.

He bribed newspaper editors and reporters, to the point where he had 80% of the Iranian press in his payroll. And what that meant was that every day, Iranians would wake up to news reports and commentaries about how Mossadeq was Jewish, he was homosexual, he was a British agent, just about anything bad you could think of, would show up day after day in practically every newspaper in Tehran. So by the spreading around of money, Kermit Roosevelt was immediately going to change the public tenor and view of Mossadeq.

He also bribed commanders of military and police units, so they would be ready to help him on the day that he struck against Mossadeq. One of the things that he did, perhaps this was his most masterful idea, he went to the Tehran bazaar, where there was a group of thugs operating under a very colourful leader named Shabaan the Brainless. And he hired Shabaan, who actually is still alive, living in California, and Shabaan's job was: get together the biggest group of thugs and gangsters you can find. We're going to pay every one of them. Find every adult male who wants to be a gangster for a day, and hire them. And what your job is, (and this is exactly what this gang did for several days in Tehran) run through the streets wildly, smash shop windows, fire guns into mosques and then shout, 'We love Communism and Mossadeq'.

So he created this mob that was very violent, that was posing as thugs for Mossadeq. But that wasn't all. Roosevelt went one step further: he hired another mob to attack that mob, the idea being he wanted to create the image, in the minds of ordinary Iranians, that Iran was in chaos.

Mark Gasiorowski: They organised a crowd. It marched from southern Tehran up into the central area of the city. Gradually other Iranians joined these crowds, and at the same time certain military units that were supporting the coup took certain steps. They went and attacked Mossadeq's home and had a long military battle with loyalist forces there; they seized a radio station, seized certain key intersections and places like that. And eventually, during the course of the day, both with the crowds in the streets and the military units, the coup forces managed to prevail. Mossadeq was forced to flee out of his house, he hid for a day or two and eventually gave himself up, and the pro-Mossadeq forces were just overwhelmed. and by the end of the day, on the 19th, the coup forces had succeeded.

Steven Kinzer: This coup is a classic in the history of American interventions abroad in one sense, and that is it seemed successful at first. but in the long run, when we look back on it, we can see that it had terrible, unintended consequences. the reason it seemed successful was we got rid of a guy we didn't like, and we put in someone who would do whatever we said, that was the Shah.

But then what happened? The Shah ruled with increasing repression for 25 years, his repression produced the explosion of the late 1970s in Iran, what we called the Islamic Revolution. That revolution brought to power a clique of fanatically anti-western clerics who have spent the last 25 years intensely and sometimes very violently working to undermine western interests all over the world.

That 1979 Islamic Revolution also inspired Muslim fundamentalists in many countries, including next-door Afghanistan, where a radical regime then came to power and gave sanctuary to Osama bin Laden, with the results we all know. So this is an example of one of many American operations which seemed to go well at first, but only now, decades later, we look back and see how badly they actually turned out.

Mark Gasiorowski: Mossadeq was pretty popular and the people that he was popular among who would be the sort of democracy-leaning, relatively intellectually oriented people, those people in Iranian society were greatly disillusioned because they had looked to the United States before the Mossadeq time, as a benign, impartial actor that was morally superior to the British or the Russians, and they could even help Iran and certainly would never exploit Iran and do anything to hurt Iran. So the coup really changed that image of the United States.

And of course the coup was followed by a period of about ten years or so, in which the United States very strongly supported the Shah in various ways. So that the coup began a long period in which the US backed up the Shah, and it was precisely this period in which the Shah's regime became a real dictatorship; it became more and more brutal. And so Iranian political activists throughout this period, but especially beginning with the coup itself, quickly developed the idea that the United States was a malevolent force, the United States was an imperialist power as bad as the British had been, the replacement of British imperialism and became very anti-American in this period. And that continued and certainly the 1953 coup was the most important reason that the Iranian revolution in 1978-79 was so anti-American. And certainly was the most important reason that the US Embassy was taken by radical students in November, 1979.

I would say the other important legacy of the coup is that it really wiped out that segment of Iranian politics, the progressive, democratic, nationalist, moderates of whom Mossadeq was the foremost example, never again were allowed to do much of anything, they never again played an important role. The Shah severely repressed them because he knew how much of a threat they had represented during the Mossadeq period. So the coup neutralised that very important, moderate segment of Iranian political life. And so in the following decades, rather than moderate democrats emerging to challenge the Shah, what emerged was two forces on the opposite sides. On the one side radical leftists and then on the right, radical Islamists led by Ayatollah Khomeini, who eventually prevailed and carried out the revolution of 1979.

So what I'm saying is, the second thing that the coup did was to destroy this kind of a moderate centre in Iranian politics.