


RESEARCH ARTICLE

Imperial power, anti-imperial resistance, and the shaping of international hierarchies: Lessons from 1930s Persia

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Abstract

This article explores how relations of both domination and resistance have been involved in the constitution of international hierarchies. Focusing on events arising from the Persian government's 1932 cancellation of the D'Arcy oil concession, it argues that while Western-dominated international hierarchies have proved resilient, some aspects of these hierarchical relationships have been altered by episodes of resistance such as the one under examination in this article. The case study has been chosen because of its ability to highlight the interwar years as an important period of transition to a new world order, as well as the significance of Persia as one of the few non-Western countries that remained uncolonised at that time. The article revisits detailed historical documents from the BP Archives and the National Archives to show how the events of the 1930s oil dispute contributed to the emergence of shifts in the material, legal, and social hierarchies of the interwar period, while nevertheless reinforcing the existence of hierarchies overall. It shows how multilateral diplomacy replaced overt military intimidation, the framework of international law broadened, and peripheral countries found strength in numbers. Finally, the article considers the longer-term resilience of the hierarchical international system.

Keywords: hierarchies; interwar period; oil; Persia/Iran; resistance

Introduction

In this article, I draw on the case study of the 1932–3 Anglo-Persian oil dispute to interrogate how forces of resistance and domination have interacted to construct and reconstruct power relations in the international arena. With Persia one of the few non-Western countries that was not colonised by European powers, this interwar dispute provides an important early example of the kinds of struggles that would subsequently emerge in the postwar period, when postcolonial states sought to contest the hierarchies of the international system. Given that natural resource sovereignty has been an important component of much postcolonial contestation, the centrality of oil to the chosen case study only adds to its relevance. I revisit documents from the BP Archives and the National Archives to show how Persia's challenging of its oil concession reinforced Persian subordination to Britain while also contributing to the reconstitution of power relations between the two states. I argue that while international hierarchies have proved resilient, the character and tone of the hierarchical relationships have been altered by episodes of resistance such as the one under examination in this article.

Specifically, this article shows how the events of the 1930s oil dispute contributed to the emergence of shifts in the material, legal, and social hierarchies of the interwar period, while nevertheless reinforcing the existence of hierarchies overall. I point to the ways in which Persia's challenging of its oil concession sought to improve Persia's economy and thereby raise its position in the existing material hierarchy between the West and the rest. I also discuss how Persia's participation in the oil dispute was aimed at strengthening its rights within the interwar system of international law, as well as raising its international social status to gain increased acceptance as a player in the community of nations. I find that Persia's attempt to improve its material, legal, and social position in the international arena left an important mark even though it was not successful in overturning the hierarchies altogether. In particular, the events of the 1930s dispute contributed to the growth of multilateral diplomacy as a replacement for military force, the widening of rights in international law, and the increased confidence of anti-imperial forces.

The Persian case is of special significance because it allows us to expand our frame of reference beyond the relationship between colonial powers and colonised peoples. While research on anti-imperial resistance conventionally focuses on struggles to end formal colonial rule, the persistence of manifold inequalities between the countries of the Global North and the Global South underlines the relevance of thinking about relations of power and resistance between formally sovereign states as well. In the 1930s, Persia was one of a small number of non-Western countries that had remained free of European colonisation, and it was also one of the founding members of the League of Nations. An examination of this state's struggle for increased wealth, rights, and recognition therefore provides us with insight into the historical roots of global patterns that may otherwise appear to have begun in the postwar period.

Furthermore, the case is particularly interesting because it highlights the diversity of actors that give shape to international hierarchies. The oil dispute involved not just the Persian government and the British government, but also the Anglo-Persian Oil Company (APOC), and this corporate involvement reminds us that states are not the only actors involved in the formation and reformation of international hierarchies. Commercial enterprises played a central role in the emergence of European colonialism,¹ and multinational corporations continue to be integral to the uneven distribution of power in the current international system. It is therefore important to consider economic actors alongside states when we are thinking about the constitution of international hierarchies.

Up until now, the Anglo-Persian oil dispute has only received the attention of historians of Iranian oil.² This article in contrast utilises the oil dispute to point to the ways in which unequal power relations in the interwar period were created by commercial as well as political entities, and they were challenged by states as well as colonised peoples seeking statehood. Struggles of the kind that would be faced by newly independent, postcolonial states later in the century were experienced by Persia in the 1930s, and the international context in which they did so was itself shaped by the Anglo-Persian oil dispute.

Overall, the Persian case study provides us with important insight into how contestation of material, legal, and social hierarchies in the international arena did not begin in the 1950s and

¹Nick Robins, *The Corporation that Changed the World: How the East India Company Shaped the Modern Multinational* (2nd edn, London: Pluto Press, 2012); Philip J. Stern, *The Company-State: Corporate Sovereignty and the Early Modern Foundations of the British Empire in India* (Oxford, UK: Oxford University Press, 2011).

²See, in particular, James Bamburg, *The History of the British Petroleum Company, Volume 2: The Anglo-Iranian Years, 1928–1954* (Cambridge, UK: Cambridge University Press, 2004); Peter J. Beck, 'The Anglo-Persian oil dispute 1932–33', *Journal of Contemporary History*, 9:4 (1974), pp. 123–51; Gregory Brew, 'In search of "equitability": Sir John Cadman, Reza Shah and the cancellation of the D'Arcy concession, 1928–33', *Iranian Studies*, 50:1 (2017), pp. 125–48; L. P. Elwell-Sutton, *Persian Oil: A Study in Power Politics* (London, UK: Lawrence and Wishart Ltd, 1955); Laurence Lockhart, 'The causes of the Anglo-Persian oil dispute', *Journal of the Royal Central Asiatic Society*, 40:2 (1953), pp. 134–50; Katayoun Shafiee, 'A petro-formula and its world: Calculating profits, labour and production in the assembling of Anglo-Iranian oil', *Economy and Society*, 41:4 (2012), pp. 585–614; Katayoun Shafiee, *Machineries of Oil: An Infrastructural History of BP in Iran* (Cambridge, MA: The MIT Press, 2018).

1960s; rather, the struggle for control over material resources, especially oil, as well as the struggle for increased legal protection and improved social status in the community of states, which manifested most clearly in visions of a New International Economic Order, had already started to emerge in the interwar period.

In making such an argument, I build on the body of research that is located at the intersection between political economy, law, International Relations (IR) and history. This scholarship acknowledges that relations of both domination and resistance have been involved in the constitution of the hierarchical structures that persist today. Political economy scholars from Walter Rodney to Gurminder Bhambra have shown the ways in which the unequal structures of global capitalism have been shaped by historical colonial relations.³ International legal scholars such as Martti Koskenniemi and Antony Anghie have stressed the centrality of colonial confrontation to the structures of twenty-first century international law.⁴ And IR scholars including Ayşe Zarakol as well as John Hobson and Jason Sharman have recognised the ways in which the status hierarchies that were established during the age of European empire continue to shape the present-day international system, in addition to the behaviour of actors within it.⁵

Others have focused their work on resistance to colonialism, and its place in shaping international order. Jennifer Welsh, for example, has shown how European imperial powers were not able to ‘master completely the colonial spaces that they encountered’,⁶ and she has pointed to the influence of both European and non-European non-state actors on the specific forms of imperial rule that have been inherited by the contemporary international order.⁷ A significant way in which non-European actors were able to shape the nature of imperial rule was through their participation in anti-colonial struggle and rebellion. The work of Michel-Rolph Trouillot has made an important contribution to the revival of interest in the struggles of non-European peoples against slavery and colonialism, among other forms of domination.⁸ Scholars such as Adom Getachew, Priyamvada Gopal, and Vijay Prashad have more recently shone the torch on the role of non-Europeans in both anti-colonial resistance and postcolonial Third Worldism.⁹

Overall, this literature highlights that in spite of their resistance efforts, postcolonial and peripheral states have lower levels of material capacity, international law historically emerged to legitimise their exploitation rather than their protection, and they inhabit a lower social status in international society than Western states. Accordingly, the categories of political economy, international law, and international social status that run through this body of literature have been adopted to frame my discussion of the hierarchies at play in the Persian case, and I outline how the events of the 1930s oil dispute affected each of these hierarchies in turn.

The article is organised as follows. The next section provides a brief historical background as well as an overview of the main events and outcomes of the Anglo-Persian oil dispute. The third section explores how the dispute impacted Persia’s place in the material hierarchy of the international system. The fourth section focuses on the hierarchy of the international legal system, and

³Gurminder K. Bhambra, ‘Colonial global economy: Towards a theoretical reorientation of political economy’, *Review of International Political Economy*, 28:2 (2021), pp. 307–22; Walter Rodney, *How Europe Underdeveloped Africa* (London, UK: Bogle-L’Ouverture, 1972).

⁴Antony Anghie, *Imperialism, Sovereignty and the Making of International Law* (Cambridge, UK: Cambridge University Press, 2005); Martti Koskenniemi, *The Gentler Civilizer of Nations: The Rise and Fall of International Law 1870–1960* (Cambridge, UK: Cambridge University Press, 2001).

⁵John M. Hobson and Jason C. Sharman, ‘The enduring place of hierarchy in world politics: Tracing the social logics of hierarchy and political change’, *European Journal of International Relations*, 11:1 (2005), pp. 63–98; Ayşe Zarakol, *After Defeat: How the East Learned to Live with the West* (Cambridge, UK: Cambridge University Press, 2011).

⁶Jennifer M. Welsh, ‘Empire and fragmentation’, in Tim Dunne and Christian Reus-Smit (eds), *The Globalization of International Society* (Oxford, UK: Oxford University Press, 2017), p. 146.

⁷Welsh, ‘Empire’, pp. 145–64.

⁸Michel-Rolph Trouillot, *Silencing the Past: Power and the Production of History* (Boston, MA: Beacon Press, 1995).

⁹Adom Getachew, *Worldmaking after Empire: The Rise and Fall of Self-Determination* (Princeton, NJ: Princeton University Press, 2019); Priyamvada Gopal, *Insurgent Empire: Anticolonial Resistance and British Dissent* (London, UK Verso, 2019); Vijay Prashad, *The Darker Nations: A People’s History of the Third World* (New York, NY: The New Press, 2007).

considers how far this was challenged by the oil dispute. The fifth section examines the extent to which the dispute impacted the social status held by Persia in the international society of states. I conclude by arguing that while each of these hierarchies proved resilient, Britain's reluctance to use military force in the course of this dispute as well as its unease at the increasing confidence of peripheral countries signalled a world in transition.

The Anglo-Persian oil dispute

In the early twentieth century, Western oil companies worked to extend their access to and control over the world's oil reserves. They achieved this through the acquisition and retention of foreign oil concessions, many of them in the Middle East. An oil concession was an agreement made between the government of an oil-producing country and a foreign individual or company, usually granting the concessionaire extensive long-term rights and privileges in return for the payment of royalties on the quantity of oil produced. Even in those cases where formal ownership of the subsoil mineral rights remained with the host government, effective ownership of the natural resource lay with the external concessionaire. The concessionaire had the power to control operations, as well as determine investment, production, and pricing levels. Concessions were thus highly inequitable, often resulting from the inferior bargaining power and technological capacities of the host government.¹⁰ Inequalities created by concessionary agreements further deepened the divide between the technology-rich Western oil-consuming countries and the less-developed non-Western oil-exporting countries.

In the case of Persia, the country's position in the hierarchies of the interwar international system was consolidated by the D'Arcy Concession, which had been granted in 1901 by Muzaffar al-Din Shah Qajar to a British speculator named William Knox D'Arcy. While the concession offered the Persian government the potential to earn considerable sums of money, this came at the cost of ceding complete control over the country's petroleum resources to the concessionaire. Rates of extraction and investment, as well as production and pricing decisions, were all in the hands of the oil company. And not only was the Persian government beholden to the commercial and operational decisions made by the concessionaire, but also it had no control over changes in the ownership of this concession. The D'Arcy concession had been granted to a specific private individual, but by 1908 it had been transferred to the Anglo-Persian Oil Company (APOC) and six years after that, the British government had purchased a 51 per cent stake in this company.¹¹ As such, from 1914 onwards, the Persian government found itself engaged in a contractual arrangement with a company that was majority-owned by the British government. The concession therefore not only established an unequal relationship between Persia and the oil company; it also deepened the structural inequality between Persia and Great Britain.

In the hopes of improving the international status of Persia, as well as acquiring higher levels of much-needed oil revenue to help support his ambitious development plans, in 1928 the new leader Reza Shah Pahlavi (r. 1925–1941), embarked on discussions with the oil company to explore the possibility of revising the concession.¹² As the concession was due to expire in 32 years, APOC Chairman Sir John Cadman was amenable to this: he was keen to extend the concession's length, and he also recognised that some revision to the current 16 per cent royalty would be beneficial

¹⁰See, for example, Francisco Parra, *Oil Politics: A Modern History of Petroleum* (London, UK: I. B. Tauris & Co. Ltd, 2010), p. 7; Muthucumaraswamy Sornarajah, *The International Law on Foreign Investment* (3rd edn, Cambridge, UK: Cambridge University Press, 2005), p. 38.

¹¹Kaveh Ehsani, 'Oil, state and society in Iran in the aftermath of the First World War', in T. G. Fraser (ed.), *The First World War and its Aftermath: The Shaping of the Modern Middle East* (London, UK: Gingko Library, 2015), pp. 191–212; Marian Jack, 'The purchase of the British government's shares in the British Petroleum Company 1912–1914', *Past and Present*, 39 (1968), pp. 139–68.

¹²Ronald W. Ferrier, *The History of the British Petroleum Company, Volume 1: The Developing Years, 1901–1932* (Cambridge, UK: Cambridge University Press, 1982), pp. 596–631.

to the smooth continuation of Company operations within Persia. Indeed, he admitted that calculation of the royalty was so complicated that it 'gave incessant trouble and created a very bad atmosphere'.¹³ As such, Persian requests for shares as well as an increased royalty were not dismissed outright. However, British government officials were concerned to protect British interests. By 1931, negotiations had still not produced a firm agreement. In the meantime, Persian criticism of APOC had stepped up in light of the severe impact of the 1929 stock market crash and the subsequent Great Depression on the Persian economy.

Having received a royalty of £1,288,312 for 1930, the Persian government was told in June 1932 that the royalty for 1931 would come to only £306,872. This was the lowest royalty received since 1917.¹⁴ Trust in how the royalty was calculated fell to an all-time low, especially given that APOC's total profit for the same year had totalled more than £3.5 million,¹⁵ leaving Persia with a royalty of less than 9 per cent of that sum. The Persian press increasingly argued that the D'Arcy Concession was illegitimate and in need of total replacement rather than just revision. Already in April 1931 the *Shafagh-e Sorkh* newspaper had lamented, 'with what rapidity the golden entrails of our earth are leaving the country'.¹⁶ In June 1932, the newspaper *Iran* criticised the concession further and observed that, 'The statutes of the Company and its various regulations allow, most unpleasant to acknowledge, more freedom of scrutiny and supervision to a private shareholder than to Persia.'¹⁷ However, after several years of continued discussions, the Persian government and the oil company were unable to reach an agreement. By November 1932, the negotiations reached an impasse.

In response to this impasse, at a meeting of the Persian Council of Ministers on 26 November 1932, Reza Shah 'called for the file containing the record of discussions [of the oil negotiations] and ordered it thrown into the stove'.¹⁸ He then dictated a letter to be sent to APOC informing them that the D'Arcy Concession was cancelled. For Reza Shah, cancellation of the D'Arcy Concession was intended to induce APOC to offer a better deal.¹⁹ The cancellation notice itself specified that the Persians 'would not in principle refuse to grant new concession', as long as this were reached 'on the basis of equity and justice with necessary security for safeguarding [Persian] interests'.²⁰ Following the breakdown in earlier attempts at negotiation, Reza Shah now argued that it would be better to start afresh and agree upon a completely new deal rather than merely revise the old one. As will be explored in further detail in the following sections of this article, cancellation of the concession was aimed at realising a new contract so that higher profits, better legal protection, and increased respect would be secured for Persia. What transpired, however, was that it escalated into a major diplomatic issue.

The case was referred to the League of Nations by the British government in protection of APOC's activities in Persia, and the League Rapporteur appointed to consideration of the case ended up requesting that the Persian government and APOC simply re-enter direct negotiations. Ultimately, these negotiations resulted in a completely new concession, not just a revision of the 1901 concession. This was precisely what the Persians had wanted all along, and so in some sense they benefited from the whole episode. The new concession, which was formally agreed in May

¹³United Kingdom National Archives, Kew, CAB 21/306, Notes of a Conference of Ministers held at 10 Downing Street, Offices of the Cabinet, 20 November 1928, fol. 4.

¹⁴Beck, 'The Anglo-Persian oil dispute', p. 125; Ferrier, *History*, p. 624.

¹⁵Elwell-Sutton, *Persian Oil*, p. 74.

¹⁶'The Government has the right to cancel the D'Arcy Concession', *Shafagh-i Surkh* (24 April 1931). Translation provided in enclosure in Tehran dispatch: British Library, India Office Records, London, IOR L/PS/12/3453 E2581, fol. 7, from Robert Henry Clive [Envoy Extraordinary and Minister plenipotentiary to Persia] to Arthur Henderson [Secretary of State for Foreign Affairs], 30 April 1931.

¹⁷Cited in enclosure in Tehran dispatch no. 322: IOR L/PS/12/3460 E3880, fol. 530, from Reginald Hervey Hoare [Envoy Extraordinary and Minister plenipotentiary to Persia] to Sir John Simon [British foreign secretary], 15 July 1932.

¹⁸Donald N. Wilber, *Riza Shah Pahlavi: The Resurrection and Reconstruction of Iran* (Hicksville, NY: Exposition Press, 1975), p. 147.

¹⁹IOR L/PS/12/3460, Hoare to Foreign Office, tel. 230, 13 December 1932, fol. 278.

²⁰FO 371/16078, Hoare to Foreign Office, tel. 191, 28 November 1932, fol. 187.

1933, provided Persia with increased profits and a sense that it had achieved what it set out to do. The royalty was henceforth to be calculated not on profits but on physical volumes of oil, with 4 shillings per tonne of oil consumed within the country or exported going to Persia. Along with an additional 20 per cent dividend, this would ensure that the minimum annual royalty was guaranteed at £750,000.²¹ As such, Persia would be materially better protected under the terms of the 1933 Concession.

However, the terms of the new concession were much more favourable to the oil company than they were to the Persian government. APOC was successful in increasing the duration of the oil concession for an additional thirty years, up until 1993. It also secured formal exemption from all forms of Persian customs duties and taxation, which provided it with a form of sovereignty within Persian territory.²² Additionally, the oil company maintained its control over the calculation and presentation of the figures and accounts that were used to establish the basis of royalty payments. As Katayoun Shafiee has shown, this manipulation of the technical calculations ensured the continued political-economic power of the oil company within Persia.²³ APOC's legal counsel, Dr Idelson, commented in May 1933 at a Company Board meeting that he 'was of the opinion that it was the best Concession he had ever seen and the best that could be devised'.²⁴ It can be seen therefore that although the oil dispute had resulted in a reassessment of Britain's relationship with Persia, with greater awareness of both the demands of oil interdependence and the restraints of the League system, it had also given rise to a reinforcement of British material dominance in the international system.

Contesting the material hierarchy

The oil dispute shaped Persia's place in the material hierarchy of the international system precisely because the oil concession itself had profited Britain at the expense of Persia, both militarily and financially. The British government's majority ownership of APOC allowed it to ensure the supply of cheap oil to the Admiralty, and this in turn strengthened its own military capabilities and strength. Indeed, Persian oil was important to Britain's success in the First World War: by 1916, APOC was already providing one-fifth of the British navy's entire oil needs.²⁵ Meanwhile, Persia's own military was relatively ineffective and weak. While the construction of a strong army was Reza Shah's top priority when he came to the throne, with a significant amount of state budget dedicated to military spending, the country's conscript army remained into the 1930s what Stephanie Cronin has termed a 'parade-ground army'²⁶ suffering from weak and corrupt leadership. The military asymmetries between Persia and Britain were therefore significant, and deepened further by the benefits of cheap Persian oil to British naval capacity.

Furthermore, the British government achieved direct financial benefits from the profits due to it as majority shareholder in APOC, as well as company taxes paid in by APOC to the Treasury. In the years between 1914 and 1929, there was a 23-fold increase in oil production overall, but the royalties received by the Persian government increased by less than five-fold.²⁷ The perceived inequity of this situation was increased by the Persian government's lack of access to knowledge about the manner

²¹ Bamberg, *History*, pp. 47–50.

²² This point takes from Joshua Barkan's argument that 'corporate power should be rethought as a mode of political sovereignty'. See Joshua Barkan, *Corporate Sovereignty: Law and Government under Capitalism* (Minneapolis, MN: University of Minnesota Press, 2013), p. 4.

²³ Shafiee, 'A petro-formula'.

²⁴ BP Archives, Warwick, Anglo-Persian Oil Company Limited, Board Meeting, 15 May 1933, 88373 © BP plc.

²⁵ Daniel Yergin, *The Prize: The Epic Quest for Oil, Money and Power* (New York, NY: Free Press, 1992), p. 174.

²⁶ Stephanie Cronin, 'Riza Shah and the paradoxes of military modernization in Iran, 1921–1941', in Stephanie Cronin (ed.), *The Making of Modern Iran: State and Society under Riza Shah, 1921–1941* (Abingdon, UK: Routledge, 2003), p. 48.

²⁷ Kamiar Mohaddes and M. Hashem Pesaran, 'One hundred years of oil income and the Iranian economy: A curse or a blessing?', in Parvin Alizadeh and Hassan Hakimian (eds), *Iran and the Global Economy: Petro Populism, Islam and Economic Sanctions* (London, UK: Routledge, 2014), pp. 12–45.

in which APOC actually calculated its royalties.²⁸ The royalty was inconsistent, and the accounting methods used by the company to calculate profits were unclear and subject to obfuscation.²⁹ In addition, contrary to Article 3 of the D'Arcy Concession, which required the concessionaire to pay the Persian government 16 per cent of the net profits 'of any company or companies' formed by the concession,³⁰ the profits of APOC's subsidiaries outside of Persia appeared to be excluded from company calculations of the Persian royalty.³¹ Overall, the oil concession produced new layers of material inequality between Britain and Persia through its restriction of knowledge and capital to the Persian government.

While Reza Shah had expected to easily secure increased profits for Persia from a new concession with APOC, we have seen how his cancellation of the D'Arcy Concession quickly transformed into a significant international confrontation. It took only three days before the British government decided to step in to protect its oil interests in Persia. At a cabinet meeting on 30 November 1932, Britain's Secretary of State for Foreign Affairs urged cabinet ministers to consider 'what protection could be offered to the Oil Fields' in Persia, and the suggestion was made to 'move men-of-war within the Persian Gulf in order to impress upon the Persian Government how seriously we regarded the position.'³² Accordingly, the members of cabinet agreed to instruct the Chiefs of Staff Committee to draw up concrete plans for the event that Persia occupied the oil fields. There had long been naval vessels in the Persian Gulf to assist in defending Britain's supremacy over the trade and communication route between Britain and India, and the protection of Britain's oil interest in both Iraq and Persia was an additional important reason to retain a strong military presence in the region.³³

Persia's act of defiance, in short, gave rise to an immediate doubling down of the assertion of the British Empire's material power in the Middle East. Specifically, having attempted to claim rights from a British commercial enterprise with the goal of strengthening its own national economy, Persia was faced not just with the anger of the company itself, but also with the prospect of military intervention from one of the most powerful countries in the world. This material reality of an imbalance in the military and financial capabilities of the two sides to the dispute cast a shadow over all subsequent discussions and negotiations. The accepted logic of international politics, defined by the use of force and the language of power and self-interest, dictated that the will of the strong and the powerful would win out in the end.

However, while the British government argued that APOC had been disadvantaged by the Persian cancellation, and that it was therefore incumbent upon them to step in to protect the Company as they would any British national abroad, they did not actually resort to a military response. This would have risked undermining both Britain's moral authority and its oil interests. It was feared that British prestige would be injured if the response were seen as too heavy-handed, especially if any unfavourable parallels with Japanese actions in Manchuria were made.³⁴ Japan's 1931 invasion and occupation of Manchuria had led to international crisis, and its subsequent exit from the League caused damage to the spirit of internationalism.³⁵ Not wanting to be placed in the same anti-League camp as Japan, the British government was conscious of the changing political limits of gunboat diplomacy at this time.

²⁸ Elwell-Sutton, *Persian Oil*, pp. 69–70.

²⁹ Shafiee, 'A petro-formula'.

³⁰ Ferrier, *History*, p. 641.

³¹ Shafiee, *Machineries*, p. 89.

³² Offices of the Cabinet, CAB 23/73/4, Conclusions of a Meeting of the Cabinet held at 10 Downing Street, 30 November 1932, fols 79–80.

³³ In January 1932, the decision had been made to retain naval vessels in the Persian Gulf, as it was considered 'more than ever important to maintain naval predominance' in that region. IOR L/PS/12/3460E. R. Ludlow-Hewitt [Air Vice-Marshal, Iraq Command] to the Secretariat to H. E., the High Commissioner, Baghdad, Ref. S.10322, 15 January 1932, fol. 533.

³⁴ Beck, 'The Anglo-Persian oil dispute', p. 134.

³⁵ Susan Pedersen, *The Guardians: The League of Nations and the Crisis of Empire* (Oxford, UK: Oxford University Press, 2015), p. 289.

Furthermore, APOC officials reminded the British government that their ultimate goal was, after all, to ensure the continuation of their oil operations on Persian territory. They counselled against a hasty British military response to the cancellation, and also favoured avoidance of any other action on the part of the British government that might aggravate the situation.³⁶ Reginald Hoare, the British Minister in Tehran, agreed with APOC resident director Thomas Jacks that it would be preferable to try to 'build a bridge'³⁷ with the Shah and his government. British government officials in Tehran were thus persuaded by oil company arguments that a gentle approach would be more effective in the first instance.

This reluctance for a swift military response and the appetite instead for bridge building suggests that Reza Shah's cancellation of the D'Arcy Concession had prompted some degree of British reflection on the nature of the Anglo-Persian relationship. While the old imperial order seemed intact, the 1930s can now be seen as a decade of creeping changes, and the events of the Anglo-Persian oil dispute illustrate that especially well. Officials within both APOC and the British government had grown aware of Britain's reliance on their ability to control the production and supply of oil in the international market, and as such a relationship of asymmetric interdependence had developed between Britain and Persia. While Persia was the weaker party in this relationship, the possibility of losing the oil concession in Persia made clear to Britain that there was a degree of vulnerability to their position too.

As such, while the view in London was not as sympathetic to the accommodationist approach that was favoured by British officials within Persia, military action was also deemed undesirable. Sir Robert Vansittart, Permanent Undersecretary at the Foreign Office, suggested instead that the matter be referred to the Permanent Court of International Justice at The Hague,³⁸ an international institution that offered the potential to provide legal legitimacy to the British government's protection of British commercial interests overseas. During the interwar period, with the League of Nations tasked with the mission of maintaining world peace, it was wiser for the British government to pursue a peaceful and legal resolution to the conflict, rather than turn immediately to the use of force.

However, given that Persia was also a member of the League of Nations, it was able to make difficult the process by which Britain hoped to use this international institution to secure its own interests. The Persian Foreign Minister, Mohammad Ali Foroughi, argued that the Permanent Court was 'not competent for examination of differences which have arisen between Persian Government and the Company'.³⁹ Foroughi based his argument on Article 36 of the Statute of the Permanent Court, which stated that it could only settle certain disputes between member states pertaining to international law, treaties, or obligations.⁴⁰ It was not clear that any of these conditions applied to the present contractual dispute between a government and an oil company. Challenging the competence of the Permanent Court, Foroughi instead threatened to bring to the attention of the Council of the League of Nations the 'threats and pressure'⁴¹ that had been directed against Persia by Britain. Indeed, the Persian government's Protocol of Accession to Article 36 of the Statute of the Permanent Court included a reservation whereby it could ask for Permanent Court proceedings to be suspended and instead referred to the League of Nations Council,⁴² and so this threat was not without foundation.

Article 11 of the Covenant of the League of Nations stated that it was 'the friendly right of each Member of the League to bring to the attention of the Assembly or of the Council any circumstance

³⁶Bamburg, *History*, pp. 36–7.

³⁷IOR L/PS/12/3460, Hoare to Foreign Office, tel. 206, 2 December 1932, fol. 450.

³⁸Bamburg, *History*, p. 37.

³⁹IOR L/PS/12/3460, Hoare to Foreign Office, tel. 225, 12 December 1932, fol. 392.

⁴⁰League of Nations, Statute of the Permanent Court of International Justice (16 December 1920), available at: <https://www.refworld.org/docid/40421d5e4.html> accessed 19 October 2019.

⁴¹IOR L/PS/12/3460, Hoare to Foreign Office, tel. 225, 12 December 1932, fol. 395.

⁴²3215: Dispute between the United Kingdom and Persia in regard to the Concession held by the Anglo-Persian Oil Company, *League of Nations Official Journal*, 14 (1933), p. 205.

whatever affecting international relations which threatens to disturb international peace or the good understanding between nations upon which peace depends.⁴³ Furthermore, Article 15 of the Covenant called upon member states to submit to the Council 'any dispute likely to lead to a rupture'.⁴⁴ Therefore, if either Britain or Persia could show that the other side was responding to the concession dispute in a way that threatened to disturb international peace, then the dispute could be referred to the Council of the League of Nations for settlement. On hearing that Persia planned to refer Britain to the Council, the British government took immediate steps to make its own appeal to the Council first, in the hopes that this would put it in a stronger position.

In their memorandum submitted to the Council on 19 December 1932, the British government voiced concerns that the Persian government might cause damage to the property of APOC within Persia, or even threaten the safety of British personnel there; they feared that 'a situation of the utmost gravity'⁴⁵ would arise. In fact, there is evidence suggesting that the British government knew that APOC property was under no real threat, as they had confirmed reports from Persia that the Persian government was ensuring its protection.⁴⁶ Nevertheless, it appears to have been politically expedient for them to make such claims in order to present their case to the League Council. For its part, the Council took seriously the alleged fears of both Britain and Persia that the other side might respond to the cancellation of the D'Arcy Concession in a way that risked rupturing relations between the two countries, thereby threatening peace. It therefore agreed to listen to the arguments of both parties to the dispute.⁴⁷

The legal arguments presented in the League Council discussions will be examined in the following section, but we have seen already that these discussions resulted in the League Rapporteur requesting that the two sides re-enter direct negotiations, which in turn concluded with the agreement of a new oil concession. The Anglo-Persian Oil Company was now in possession of an agreement to control and profit from the production of Persian oil until the end of the twentieth century, and Britain itself was boosted and better able to retain its military, economic, and political importance on the global scene. It had been Britain's status as an imperial power, and Reza Shah's own desire to stay on the good side of this power, that had contributed to his agreement to the new concession in the first place.

Indeed, the 1933 Concession was agreed only at the eleventh hour as a result of direct talks between APOC Chairman Sir John Cadman and Reza Shah himself. On 23 April 1933, Cadman asked to meet with the Shah before leaving for London. In this meeting, Cadman's aeroplane was made 'plainly visible from the Palace windows engaged in a trial flight'⁴⁸ and the Shah was told that APOC representatives would be leaving the next morning. The thinking behind this was to impress upon the Shah that this was his very last opportunity to repair Persia's relationship with APOC, and by extension with Britain. It worked. British Minister Hoare reflected that Reza Shah, 'who understood foreign politics ... had decided that the new concession must not be based on mere technicalities, but on broad statesmanship, and had concluded that the proposal of the company would provide a solution of lasting benefit to both sides.'⁴⁹ Persia's need for an amicable relationship with Britain had ultimately resolved the dispute in favour of Britain's material interest, at the same time as Britain's own material dependency on Persia was also becoming clear.

⁴³ Covenant of the League of Nations (including Amendments adopted to December, 1924), available at: https://avalon.law.yale.edu/20th_century/leagcov.asp accessed 19 October 2019.

⁴⁴ Covenant of the League of Nations (including Amendments adopted to December 1924), available at: https://avalon.law.yale.edu/20th_century/leagcov.asp accessed 19 October 2019.

⁴⁵ Annex 1419c: Memorandum by His Majesty's Government in the United Kingdom, *League of Nations Official Journal*, 13 (1932), p. 2305.

⁴⁶ FO 371/16079 6520/3880/34, Foreign Office Minute on Cancellation of Anglo-Persian Oil Company's Concession, 8 December 1932, fol. 77.

⁴⁷ 3190: Dispute between the United Kingdom and Persia in regard to the Concession held by the Anglo-Persian Oil Company, *League of Nations Official Journal*, 13 (1932), pp. 1987–90.

⁴⁸ IOR L/PS/12/3460, Hoare to Simon, tel. 220, 22 May 1933, fol. 19.

⁴⁹ *Ibid.*

Challenging the legal hierarchy

When considering the hierarchy of the international legal system, and how far this was challenged by the oil dispute, it should be noted that Persia benefited from a stronger position in the international system than did most non-Western actors at that time. Alongside China, Japan, and the Ottoman Empire, Persia had maintained nominal independence throughout the age of European imperialism, and it was a founding member of the League of Nations. Additionally, whereas most Middle East oil concessions were granted to Western oil companies by the ruling (Western) colonial or mandatory administration,⁵⁰ Persia's concessionary agreement with D'Arcy had been signed by its own sovereign leader.

Furthermore, under the rule of Reza Shah, not only was Persia receiving some material benefit from its oil royalties, but it had also achieved full legal sovereignty in 1928, when Reza Shah abolished nineteenth-century capitulations that had granted extraterritorial jurisdiction to Western powers such as Britain, Russia and the United States.⁵¹ Emulating the path being followed at that time by Atatürk in Turkey,⁵² Reza Shah had embarked on a wide-ranging programme of reform aimed at transforming the country from an agrarian society with decentralised government into a modern, centralised nation-state.⁵³ The legal reforms that were introduced as part of this modernisation programme brought in a Western-style legal system that safeguarded the rights of foreigners, and with these new legal protections, Western powers no longer needed to enforce unequal treaties to protect themselves within Persia. From a legal perspective, then, Persia was a 'middle-ranking' actor in the international system.

Nevertheless, as a legal document that legitimised foreign exploitation of Persian oil, the D'Arcy Concession placed Persia in an unequal relationship with the Anglo-Persian Oil Company from a legal standpoint as well as a political-economic one. The contract gave wide-reaching powers to the concessionaire, and these powers were informed and shaped by a broader legal system that was aimed primarily at the protection of European-owned property overseas.⁵⁴ Indeed, during the 1930s, the overseas activities of many European corporations still took place within colonial possessions, with concessionary agreements therefore often falling under the domestic jurisdiction of the colonial state.⁵⁵ As such, the legal apparatus governing the relationship between the Persian government and APOC was rooted in imperial practices even though Persia was not itself subject to formal colonial rule. Legal precedent as well as the legal conventions of the day functioned in a manner that tended to afford more rights to the investor than to the host government, and Persia's legal position was uncertain and poorly protected in a concessionary arrangement that had been devised primarily with the interests of the concessionaire in mind. In the broader international hierarchy of legal rights, Persia did not hold much power.

Stressing the superiority of its own legal position during debates at the Council of the League of Nations, the British government maintained that the Persian government's cancellation of the D'Arcy Concession had been an illegal act. However, the law is always subject to contestation and interpretation, and as such there could never be universal support for Britain's claim that cancellation of the contract was unlawful. Furthermore, at the time of this dispute, a legal framework focused on the regulation of interactions between states and non-state entities – what would be

⁵⁰David S. Painter, 'Oil and the American century', *The Journal of American History*, 99:1 (2012), pp. 24–39; Louis Turner, *Oil Companies in the International System* (London, UK: George Allen & Unwin Ltd, 1978).

⁵¹Turan Kayaoglu, 'The extension of Westphalian sovereignty: State building and the abolition of extraterritoriality', *International Studies Quarterly*, 51:3 (2007), pp. 649–75; Michael Zirinsky, 'Riza Shah's abrogation of capitulations, 1927–1928', in Cronin (ed.), *The Making of Modern Iran*, pp. 81–98.

⁵²Touraj Atabaki and Erik J. Zürcher (eds), *Men of Order: Authoritarian Modernization under Atatürk and Reza Shah* (London: I. B. Tauris & Co. Ltd, 2004).

⁵³Amin Banani, *The Modernization of Iran, 1921–1941* (Stanford, CA: Stanford University Press, 1961); Cronin (ed.), *The Making of Modern Iran*.

⁵⁴Kate Miles, *The Origins of International Investment Law: Empire, Environment and the Safeguarding of Capital* (Cambridge, UK: Cambridge University Press, 2013).

⁵⁵Anghie, *Imperialism*, p. 224.

called ‘transnational law’⁵⁶ – had not yet emerged. Instead, there remained considerable ‘obscurities in the law covering legal agreements between governments and private “individuals” and the body of contractual doctrine formed by oil concessions in particular was ‘constantly evolving.’⁵⁷ Concessionary disagreements were therefore difficult to resolve, but Britain’s strength as an imperial power helped APOC to fortify its legal position in the dispute with Persia. Nevertheless, at the same time as the British government had the means to insist upon its conceptualisation of international commercial and property rights in support of APOC, there was also space for the Persian government to challenge legal convention and lay claims to rights of its own.

Historically, in legal disputes of this nature, the home governments of Western investors had maintained that they had the right to take action to protect the property and interests of their nationals. During the interwar period, it was not yet clear whether international law could be invoked in cases of alleged breach of contract between state and non-state entities, but Kate Miles has shown how ‘a branch of international law known as the diplomatic protection of aliens ... established an international minimum standard for the treatment of foreigners.’⁵⁸ This diplomatic protection of persons and their property was used throughout the nineteenth and early twentieth centuries to justify a range of interventions on the part of the home state of foreign investors who felt that their interests were at risk. In the event of disagreement between an investor and its host state, home states could choose to do nothing, they could respond with diplomatic protest, or they could engage in military intervention on their nationals’ behalf. But in all cases, the principle of diplomatic protection meant in practice that the interests of investors and capital-exporting states were better protected by international law than were the developmental needs of the host state.⁵⁹

In relation to the Anglo-Persian oil dispute, the British government relied predominantly upon this principle to justify its involvement in the dispute and its referral to the League of Nations. In its memorandum to the League of Nations Council, Britain argued that, ‘His Majesty’s Government can only regard this action as a unilateral act of confiscation ... [which] constitutes an international wrong done to the United Kingdom in the person of a British company.’⁶⁰ Claiming to have become involved in this dispute out of a sense of obligation ‘to protect the interests of their nationals,’⁶¹ the British government supported its case by referring to the same kinds of legal arguments that had been used by the home governments of Western investors throughout the previous century. However, there was also a presumption in international law at that time that, ‘on entering and carrying on business in the host state, the alien had submitted to the application of local jurisdiction.’⁶² Given that Persia maintained that no foreign property had been damaged or expropriated by its cancellation of the contract, it was therefore possible to argue that international law should not be invoked in this instance. Persia in essence contested the superior legal protection of Western investors and instead laid claim to improved rights for itself.

Specifically, Persia insisted that the British government ought to have referred the case to the Persian courts in the first instance, arguing that international law dictated that Britain should have exhausted municipal remedies before invoking diplomatic protection.⁶³ In light of the legal reforms that had been carried out in Persia by this point, leading to the abolition of extraterritoriality a few years earlier, this appeared to them a reasonable request.

⁵⁶ Anghie, *Imperialism*, p. 223.

⁵⁷ J. E. Hartshorn, *Oil Companies and Governments: An Account of the International Oil Industry in its Political Environment* (London, UK: Faber and Faber, 1967), p. 311.

⁵⁸ Miles, *Origins*, p. 47.

⁵⁹ *Ibid.*, pp. 48–9.

⁶⁰ Annex 1419c: Memorandum by His Majesty’s Government in the United Kingdom, *League of Nations Official Journal*, 13 (1932), p. 2304.

⁶¹ *Ibid.*, p. 2303.

⁶² Miles, *Origins*, p. 48.

⁶³ Annex 1422b: Memorandum from the Imperial Government of Persia, *League of Nations Official Journal*, 14 (1933), pp. 293–4.

Furthermore, as well as stressing that no British property was at risk, the Persian government also maintained that host states were not obligated to honour contractual agreements that the foreign investor itself was not respecting. Persia's January 1933 memorandum to the League Council drew attention to all the ways in which it felt APOC was failing to adhere to the terms of the 1901 D'Arcy Concession. Central to the Persian case was the argument that, in accordance with Persian national law (which was itself based on Roman law), non-fulfilment of a contract was deemed to permit cancellation of a contract. Since APOC had been limiting oil extraction, withholding royalty payments, obscuring their accounting practices, and refusing to hire Persian rather than Indian unskilled labour, there were numerous ways in which they believed that the terms of the original contract were not being observed. The Persian government argued therefore that, 'A procedure of cancellation based on the non-fulfilment of a contract is incontestably not a violation of international law.'⁶⁴

In addition to its rejection of Britain's right to bring this case to the League Council in the first place, the Persian government articulated various arguments of economic nationalism in defence of its decision to cancel the oil concession with APOC. Its memorandum to the League of Nations Council not only stressed the failures of APOC to fulfil the terms of the D'Arcy Concession, but also argued in favour of the idea that Persian oil should first and foremost benefit Persia:

When a source of wealth is placed by nature in a certain territory, it is only just that it should serve for the economic development of that territory. Foreign assistance does, of course, deserve remuneration, but it cannot demand excessive profits to the detriment of the country, and still less can it be allowed to obtain the concession of a monopoly for the purpose of deliberately limiting the exercise of that monopoly.⁶⁵

This assertion pointed specifically to the Persian government's frustration at the fact that while APOC had permission to exploit Persian oil, it was choosing to leave much of it underground instead of extracting it for sale. In short, not only did APOC fail to calculate profits and royalties fairly and transparently, but also it was restricting the production of oil within Persia. By calling this practice out, and by critiquing this foreign sabotage of the wealth that they could potentially acquire for themselves from the natural resources located within their own territory, the Persian government made an argument similar to those that would come later when postwar anticolonial elites began to call for economic independence and natural resource sovereignty.

Reza Shah's cancellation of the D'Arcy Concession attacked the unfair operation of a foreign oil concession on Persian territory, and it also raised the idea that foreign oil companies should not be allowed to operate without ensuring significant economic benefit for the host country. The articulation of such ideas can be seen as one of the earliest instances of natural resource nationalism, and should be considered alongside the Soviet Union's nationalisation of oil production in 1920 as well as Mexico's oil nationalisation in 1938. While the Persian government under Reza Shah was not expropriating Persian oil, its discourse was nonetheless self-consciously nationalist, demanding some benefit for Persian economic development from the natural resources with which they had been endowed.

Christopher Dietrich stresses the importance of postwar decolonisation to the rise of the struggle for natural resource sovereignty, and his work views 1951 as the starting point of the oil nationalisation process.⁶⁶ But the Anglo-Persian oil dispute reminds us how, even before the end of empire, oil concessions were critiqued and challenged. Like in Mexico, where prior to oil nationalisation, confrontations with powerful US oil companies brought Mexico and the United States 'close to war',⁶⁷ Persia was contesting the tradition of gunboat diplomacy with arguments that placed

⁶⁴Ibid., p. 293.

⁶⁵Ibid., p. 292.

⁶⁶Christopher R. W. Dietrich, *Oil Revolution: Anticolonial Elites, Sovereign Rights, and the Economic Culture of Decolonization* (Cambridge, UK: Cambridge University Press, 2017).

⁶⁷Yergin, *The Prize*, p. 233.

emphasis on the legal rights of formally sovereign states. For the Persian government, APOC's activities were viewed as an impediment to the economic sovereignty that was needed to make political sovereignty meaningful. At the League Council, it was able to communicate its legal challenge on an international stage.

The British government was concerned that such ideas of economic nationalism might be well received in other parts of the world. Indeed, if Reza Shah had not finally agreed with APOC to the terms of a new contract, the British government recognised that there was no guarantee that the original concession would be reinstated. There was no certainty that the international principle of diplomatic protection was applicable in this specific situation. So, if the dispute had been returned to the Council of the League of Nations, the British could not have been guaranteed a favourable outcome. William Eric Beckett, Foreign Office legal adviser, cautioned that the League of Nations Council 'would probably not be able to reach a unanimous report merely because there are on the Council certain representatives of South American states who also have British concessions in their territories which they like to think they can cancel if they wish.'⁶⁸ Indeed, as mentioned above, Mexico did successfully achieve the nationalisation of its oil industry in 1938. So, even though it was in many respects unsuccessful, the Persian cancellation of the oil concession should be seen as one component of a growing trend of anti-imperialism following the end of the First World War.

The implications of this dispute for the legal hierarchy of actors in the international system were two-fold. In a context of continued ambiguity about when international law could be invoked to force states to honour their obligations toward foreign persons and when disputes were deemed to come under domestic jurisdiction, there had been scope for Persia to challenge the prevailing rules on investment protection that were weighted against it. On the one hand, Persia's legal arguments concerning the concept of national sovereignty over natural resources challenged the status quo and represented the roots of what became known as the New International Economic Order. The NIEO aimed at strengthening the economic rights of postcolonial states,⁶⁹ and its role in working towards the establishment in 1958 of the United Nations Commission on Permanent Sovereignty can be seen to have built on earlier concessionary disputes such as the Anglo-Persian one. Persia therefore played a role in strengthening the legal claims of oil-exporting states. On the other hand, this dispute was also followed by a strengthening of the legal protection for the rights of foreign investors. The emergence of bilateral investment treaties and other tools of commercial arbitration during the 1960s meant that investment contracts ended up being much more favourable to investors than they were to host states.⁷⁰ The legal hierarchy thereby retained many of its imperialist underpinnings even as it shifted slightly in response to challenges from below.

Resisting the social hierarchy

Turning finally to Persia's social status as a state within the international system of the interwar period, the day-to-day operation of APOC on Persian territory reinforced a racialised view of the Persians as inferior to the British. Furthermore, Persia continued to be subordinate to the West within the social hierarchy of states in the sense that the wide-reaching reforms of the Reza Shah period were aimed at helping Persia to 'catch up' with the West, implying a Persian acceptance of the superiority of the Western state model. Indeed, Ayşe Zarakol argues that this kind of emulation of 'established' states by 'outsider' states ultimately strengthens the status of the former to the detriment of the latter,⁷¹ and this was the case for the Anglo-Persian relationship too.

Within the Persian oilfields, the oil company's discriminatory treatment of its Persian employees served to deepen the social inequality between the two sides. Stephen Hemsley Longrigg,

⁶⁸ E6490/3880/34 FO 371/16079, Cancellation of APOC Concession: Appeal to The Hague, 8 December 1932, fol. 45.

⁶⁹ Vanessa Ogle, 'State rights against private capital: The "new international economic order" and the struggle over aid, trade, and foreign investment, 1962–1981', *Humanity*, 5:2 (2014), pp. 211–34.

⁷⁰ Miles, *Origins*, pp. 78–93.

⁷¹ Zarakol, *After Defeat*, p. 159.

a former employee of the Iraq Petroleum Company, wrote in 1961 that APOC working conditions in Persia were ‘beyond question far superior to those offered by any Persian employer, and went far beyond any legal or contractual obligation.’⁷² However, recent social histories of the Iranian/Persian oil industry have challenged Longrigg’s idyllic portrait, and have shown on the contrary how badly APOC treated their Persian workers.⁷³ Poor working conditions prevailed at the Abadan oil refinery, and a harsh labour discipline was adopted by APOC more broadly. Living conditions provided by the company were no better: in the town of Abadan, Persian workers’ housing was insufficient, of poor quality, and often unsanitary.⁷⁴ APOC’s neglect of their local workers, whom they hired mostly as unskilled labourers, became more evident when compared with the preferential treatment given to the imported Indian workers whom APOC employed as clerical and technical staff as well as skilled labour.⁷⁵ The company’s racial hierarchy of employees thus served as a microcosm of the broader social inequalities reinforced by the concession.

Reza Shah’s cancellation of the D’Arcy Concession not only offered the potential to secure a new contract that would give better legal protection and material benefit to Persia; it also raised the possibility of elevating Persia’s social status within the international system. A new contract could give greater protection to the rights of Persian workers, helping to move Persians up the racial hierarchy that was imposed in the oil fields. It could also provide Persia with increased profits from the sale of oil to help fund the expansion of Reza Shah’s ambitious modernisation and development projects, which would in turn raise Persia’s profile on the global stage. By pursuing policies of self-reform, countries such as Persia hoped to acquire some prestige in the eyes of the Europeans even if it didn’t help them to escape completely the need to ‘assimilate themselves to the institutions and practices of the core ... to get recognition.’⁷⁶ Furthermore, the act of standing up to an imperial company could turn Persia into a leader and role model for other non-European sovereign states and colonised peoples alike, raising it up within the hierarchy of non-Western states at least.

That Persia’s cancellation of the oil concession had the potential to spread ideas of insubordination and anti-imperialism beyond the territory of Persia itself was highlighted in the international media responses that emerged over the duration of the dispute. For example, the *New York Times* of 18 December 1932 commented that the oil ‘controversy ... may have far-reaching effects on several nations before it is settled.’⁷⁷ In Iraq, which had in 1931 revised its own concession with the Iraq Petroleum Company to receive a tonnage royalty at the rate of four shillings but had in return given away the government’s right to tax the company’s profits and had additionally expanded the concession area, there was receptivity to the idea that oil-producing countries should work to protect their own interests more effectively.⁷⁸ Recognising this, and pointing to the Iraqi government’s suspension of the publication of an English newspaper in Baghdad for its pro-British comments on the Persian cancellation, a report in the *Investor’s Review* on 14 January 1933 revealed some concern when it commented that ‘The Easterners are getting very touchy.’⁷⁹

M. Y. Young, Deputy Director of APOC, was concerned that the cancellation of Persia’s oil concession would create a precedent that would ‘shake British enterprise to its foundations. Iraq with

⁷² Stephen Hemsley Longrigg, *Oil in the Middle East: Its Discovery and Development* (2nd edn, London: Oxford University Press, 1961), p. 55.

⁷³ Touraj Atabaki, ‘From “Amaleh” (Labor) to Kargar (Worker): Recruitment, work discipline and making of the working class in the Persian/Iranian oil industry’, *International Labor and Working-Class History*, 84 (2013), pp. 159–75; Stephanie Cronin, ‘Popular politics, the new state and the birth of the Iranian working class: The 1929 Abadan oil refinery strike’, *Middle Eastern Studies*, 46:5 (2010), pp. 699–732.

⁷⁴ Cronin, ‘Popular politics’, p. 706.

⁷⁵ Cronin, ‘Popular politics’.

⁷⁶ Barry Buzan, ‘Universal sovereignty’, in Dunne and Reus-Smit (eds), *The Globalization of International Society*, p. 234.

⁷⁷ ‘Persian oil dispute viewed as political’, *New York Times* (18 December 1932), p. 71.

⁷⁸ Timothy Mitchell, *Carbon Democracy: Political Power in the Age of Oil* (London, UK: Verso, 2011), p. 102; Parra, *Oil Politics*, p. 12.

⁷⁹ Cited in Anglo-Persian Oil Company – D’Arcy Concession, BP 88376, Special Summary No. 29, Monday 16 January 1933, © BP plc.

the IPC, Egypt with the Suez Canal, are but two states which must be profoundly impressed by Persia's action if no retribution follows.⁸⁰ Alongside Iraq and Egypt, APOC press summaries collated at the time of the dispute show that Russian newspapers were also celebrating the apparent weakening of British imperialism,⁸¹ and these sentiments were echoed by the leftist press within Britain. For example, the *Daily Worker* referred to Britain as a highwayman robbing Persia of its riches,⁸² and the *New Statesman and Nation* called for the Persian government to be treated with greater respect.⁸³ Reporting from the League Council in Geneva, the *Manchester Guardian* of 23 January 1933 commented that 'The general opinion here is that the Persian government makes out rather a strong case.'⁸⁴ Similarly, Francis Paul Walters notes in his history of the League that the audience in Geneva was 'left with the sentiment that the original concession had turned out to be too favourable to one side.'⁸⁵ This all suggests that the oil dispute attracted significant attention in the international arena, raising sympathy and support for Persia in the process.

At the same time, the dispute took place in a context of upheaval and change following the end of the First World War. The British Empire was faced with revolts in places such as Egypt and India, the whole imperial system was being undermined by the Wilsonian idea of national self-determination,⁸⁶ and Britain itself had decided in 1929 to support Iraq's entry into the League of Nations as a formally independent state.⁸⁷ In addition, the very existence of the League as an organisation whose primary mission was to maintain world peace served to constrain the British response to Reza Shah's concession cancellation. Recognising this, a *New York Times* article of 20 December 1932 described the dispute as the 'first case on record of a heavily armed country turning to the League of Nations rather than to its own diplomatic and military forces to protect its strategic interests in a weak, backward country with which a rupture of relations is threatened.'⁸⁸ While Persia was gaining support for standing up to an imperial power, therefore, the interwar context meant that Britain was confronted with new obstacles that complicated its efforts to protect and advance British interests overseas.

Nevertheless, Britain remained the dominant power in terms of the overall international social hierarchy. Persia was regarded throughout the proceedings at the League of Nations Council as the underdog, a 'backward' country in need of both development and a more meaningful sovereignty. Although the old order of empire was to some extent unsettled by the Persian government's disruptive efforts, the eventual outcome of the dispute reinforced the notion of Britain as a key player in the international system. The new oil concession was highly favourable to the interests of Britain and its oil company, and this meant that Persia's relationship of dependency on Britain was reproduced to the material and status benefit of Britain. The British government had been constrained by the institutional framework of the League of Nations in the sense that it had been deterred from an immediate military response to protect APOC interests in Persia, but it ultimately retained its high social standing in the League system. Persia was only able to exert its own legal force within the setting of the League of Nations, and this ultimately reinforced Persian subordination due to the European-dominated nature of this interwar institutional framework. Mark Mazower comments

⁸⁰ BP 88376, M. Y. Young, Note on the Persian Government Dispute, 28 December 1932, p. 2, © BP plc.

⁸¹ Anglo-Persian Oil Company – D'Arcy Concession, 'Soviet outburst against Britain', BP 70455, Special Summary No. 5, Monday 12 December 1932.

⁸² IOR/L/PS/12/3461: 139, Extract from *Daily Worker*, dated 21 December 1932.

⁸³ Anglo-Persian Oil Company – D'Arcy Concession, 'New Statesman & Nation', BP 70455, Special Summary No. 5, Monday 12 December 1932.

⁸⁴ IOR/L/PS/12/3461: 77, Extract from *Manchester Guardian*, dated 23 January 1933.

⁸⁵ Francis Paul Walters, *A History of the League of Nations* (London, UK: Oxford University Press, 1952), p. 572.

⁸⁶ Erez Manela, *The Wilsonian Moment: Self-Determination and the International Origins of Anticolonial Nationalism* (New York, NY: Oxford University Press, 2007).

⁸⁷ Pedersen, *The Guardians*, pp. 261–86.

⁸⁸ 'League sets Jan. 23 for oil case pleas', *New York Times* (20 December 1932), p. 11.

that the League of Nations was essentially ‘an instrument of those that had founded it – Britain and France.’⁸⁹ The events of the Anglo-Persian oil dispute did nothing to change that reality.

Conclusion

Following the Anglo-Persian oil dispute of 1932–3, the inherent imbalance that existed between APOC and the Persian government, arising largely from Persia’s lack of technological, infrastructural, and financial capital, became further entrenched. While the 1901 D’Arcy concession had been inequitable, serving to deepen the already unequal relations between Britain and Persia, the 1933 concession further consolidated these inequalities. By virtue of the renewed legitimization of APOC’s position within the Persian economy, Persia was materially, legally, and socially even more subordinated to both the oil company and the British government than it had been before. The Persian government’s attempt at anti-imperial resistance had ultimately contributed to the reinforcement of existing international hierarchies even though it had to some extent reshaped the nature of some specific hierarchical relationships.

Reza Shah’s 1932 cancellation of the D’Arcy Concession had essentially been part of a broader project aimed at transforming Persia into a ‘modern’ state, capable of standing up to the Western powers and thereby earning their respect. The Persian government hoped to improve the financial health of the country as well as its legal protection and social status in the international arena. However, by seeking a form of statehood on terms that had already been set out by the European imperial powers, Persia was always going to be playing catch-up. It retained its position of inferiority even after this attempt to bolster its finances, claim legal rights, and command the respect of international society, in part because the power, rights, and status it was thereby seeking had been ascribed value in the first place by those against whom it was struggling. Entering the dispute from a position of superiority, Britain on the other hand was able to determine the terms of the struggle and ensure a positive outcome. As the dominant power, Britain was also better equipped to adapt afterwards in response to Persia’s anti-imperial resistance such that it could better protect its position in the future. Britain and other Western powers were effective in forging new pathways to maintain their superiority within international hierarchies during the postwar period as a result of lessons learned during the interwar period.

Nevertheless, Persia’s anti-imperial resistance did have an impact. The international system that emerged following the end of the Second World War was shaped not only by European colonialism but also by the resistance of a range of actors from the non-European world. This article has pointed to the Persian government’s 1932 cancellation of the D’Arcy Concession as an important step on the path towards oil-exporting countries in particular gaining increased wealth, rights, and influence in a manner that altered the nature of international hierarchies. During the course of the dispute, Britain had been obliged to utilise the institutional structures of the League of Nations rather than resort immediately to military force, and it had expressed concern about the impact that Persia’s act of defiance might have in other spheres of British influence, such as in Egypt and Iraq. It can be seen therefore that the social status of imperial states was starting to shift at this time. Similarly, legal norms were also starting to change; over time, host countries became better able to protect their financial interests within a broader legal framework that had been devised to protect Western foreign investments.

Despite some significant setbacks, including especially the US-UK coup that overthrew Prime Minister Mossadeq in 1953 following his government’s nationalisation of Iranian oil two years earlier, resource-rich countries did go on to gain rights and legal protection. In particular, within a decade of Mossadeq having been toppled because of his attempt to control the country’s oil resources, the right of host states to nationalise and expropriate the property of foreign investors

⁸⁹Mark Mazower, *Governing the World: The History of an Idea* (London, UK: Penguin Books, 2012), p. 141.

was formally recognised.⁹⁰ This right was secured in 1962 with the adoption of the United Nations General Assembly Resolution on Permanent Sovereignty over Natural Resources, which declares that ‘Violation of the rights of peoples and nations to sovereignty over their natural wealth and resources is contrary to the spirit and principles of the Charter of the United Nations and hinders the development of international co-operation and the maintenance of peace.’⁹¹ The Anglo-Persian oil dispute of 1932–3, and even the unsuccessful attempt at oil nationalisation in 1951, had been important steps leading up to this 1962 resolution. As the voices making the legal and moral argument that natural resources are a sovereign right grew in number and in strength, it proved impossible to deny this right indefinitely.

With this achievement of natural resource sovereignty, the material, legal, and social hierarchies shaping relations between oil-exporting and oil-consuming countries changed. Although resource-rich states did not displace the Western powers, this article has shed light on the ways in which the process of fighting for natural resource sovereignty did contribute to the reshaping of these hierarchies. Multilateral diplomacy replaced overt military intimidation, the framework of international law began to change, and anti-imperial forces around the world found strength in each other’s support. The roots of postwar developments such as the New International Economic Order can therefore be found in interwar events such as the Anglo-Persian oil dispute.

However, the experience of Persia in the 1930s also gives us a better understanding of why these postwar visions have so far failed to realise a fully anti-imperial world; so long as independent, sovereign statehood on Western terms has been the goal, non-Western actors have been limited in their success. Following the forced abdication of Reza Shah in 1941, Iran under the rule of his son, Mohammad Reza Shah, continued to emulate Western norms and practices, and this resulted in a perception within the country that the ground was being laid for the spread of American imperialism. Mohammad Reza Shah benefited from ballooning oil wealth in the 1970s, which helped fund the increased modernisation of the country, but he was ultimately viewed as inauthentic and lacking in genuine independence due to his pursuit of a Western state model. Since the 1979 revolution, Iran has rejected and is excluded from the Western-dominated international society. But even in its rejection of the West, Iran continues to hold the Western state model as a central reference point, and it is in this respect that visions of an anti-imperial new world order have not been fully realised. Whether through emulation or rejection of the West, non-Western actors have been limited in their ability to completely redefine international hierarchies. They have however helped change the rules of the game being played within these hierarchies, and this article’s examination of the Anglo-Persian oil dispute has helped to illuminate how and when that process started.

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⁹⁰Nico Schrijver, *Sovereignty over Natural Resources: Balancing Rights and Duties* (Cambridge, UK: Cambridge University Press, 1997).

⁹¹General Assembly Resolution 1803 (XVII) of 14 December 1962, ‘Permanent Sovereignty over Natural Resources’, available at: <https://www.ohchr.org/en/instruments-mechanisms/instruments/general-assembly-resolution-1803-xvii-14-december-1962-permanent> accessed 22 March 2023.