

BOOK REVIEW

BREW, GREGORY. *Petroleum and Progress in Iran. Development, and the Cold War.* Cambridge University Press, Cambridge [etc.] 2022. xiv, 277 pp. Ill. Maps. £75.00. (E-book: \$99.00.)

Emerging from the shadows of World War II, the world witnessed the dawn of a new era defined by the Cold War, characterized by shifting political alliances, economic transformation, and social reconstruction. Central to this period was the role of developmental states in the Global South. Scholars such as Fredrick Cooper have argued that the developmental ideologies of the Cold War and the era of decolonization form a continuous narrative that finds its roots in the late colonial era, notably the 1930s.¹ Gregory Brew's *Petroleum and Progress in Iran: Oil, Development, and the Cold War* offers a critical examination of how these global dynamics played out in Iran, focusing on the pivotal role of petroleum in the nation's development and its entanglement with Cold War politics.

In the emerging bipolar Cold War world, the Soviet Union and the United States, while expanding their military presence, concurrently sought to constrict the sphere of influence of the other. In this context, the Soviet Union championed the cause of revolution, aiming to disrupt the pre-war order, whereas the United States endeavoured to eliminate the conditions that facilitated such upheaval.

The Point Four Program, announced by President Harry S. Truman in his inaugural address on 20 January 1949, was formulated to outline the United States' foreign policy goals during the Cold War era, focusing on economic and technical assistance to developing countries. Its purpose was to contain the spread of communism and assert its own influence globally. This period marked a significant shift in international relations, setting the stage for decades of geopolitical tension and ideological rivalry between the two superpowers.

The Point Four expanded the scope of US foreign aid beyond the Marshall Plan, which was primarily focused on the reconstruction of Western Europe. Under the programme, the United States provided technical assistance and economic aid to countries in Latin America, Asia, and Africa, helping to improve agriculture, healthcare, and education. This strategy helped to create a network of nations more aligned with the United States and its values. However, critics asserted that the geopolitical context of the Cold War led to the politicization of aid, where assistance was used as a tool to gain political leverage rather than to address developmental needs. This approach sometimes exacerbated tensions and contributed to the instability it sought to prevent.

The United Nations referred to the post-war era, specifically the 1960s, as a time of extensive global economic and political reforms. This period saw a linguistic shift

¹Frederick Cooper, *Decolonization and African Society: The Labor Question in French and British Africa* (Cambridge, 1996).

wherein previously labelled “underdeveloped” nations became members of the “developing world”, holding the promise of overcoming decades of economic stagnation and poverty.

In the late 1950s and early 1960s, a cohort of sociologists and economists, primarily affiliated with Harvard and MIT universities, undertook a comprehensive study of Third World countries to construct a development model based on the tenets of Modernization Theory. Those scholars included such figures as Daniel Lerner, whose investigations into various Middle Eastern countries, including Iran, significantly contributed to the formation of Modernization Theory.² Additionally, economist Walt White Rostow gained fame for his formulation of the stages of economic growth,³ when he held key advisory roles in economic and foreign policy during the Eisenhower administration, and later served as director of policy planning in the Kennedy and Johnson administrations. He played a central role in supervising and implementing economic development programmes in select countries in the Global South, including Iran, throughout the 1960s.

During the 1960s and 1970s, a complex interplay of factors emerged, driven by the geopolitical landscape of the Cold War, the strategic alliance between the United States and the Iranian government, the unprecedented influx of oil revenues, and a profound transformation within the Iranian state. Notably, the state apparatus embarked on a trajectory of self-reproduction and modernization, all the while neglecting the imperative of political participation from the grassroots.

The unwavering support provided by the United States to the Iranian monarchy following World War II experienced a noteworthy shift in the early 1960s under the new Kennedy administration. This transition was, to a considerable extent, motivated by apprehensions arising from the Free Officer military coup led by Nasser in 1952 (23 July Revolution), which brought an end to King Farouk’s monarchy, and the Iraqi military coup of 1958 (14 July Revolution), which resulted in the ousting of the Hashemite monarchy. Consequently, the encouragement of the Iranian government to pursue social and economic reforms became an integral component of the United States’ agenda in Iran.

Brew’s study meticulously explores the history of oil-driven development in Iran after World War II, a period significantly shaped by direct engagement by the United States between 1945 and 1965. Central to Brew’s analysis is the establishment of the Consortium of Oil Companies (Iranian Oil Participants Ltd) in 1954. This event, set against the backdrop of the brief yet transformative episode of Iranian oil nationalization in 1951, marks a critical juncture in Brew’s narrative, dividing his analysis into two distinct, yet interconnected, parts.

In the first part, Brew delves into the paramount importance of Iranian oil across the twentieth century, shedding light on its strategic role that partly motivated the Allied forces’ occupation of Iran in 1941. The end of the war heralded the rise of the United States as the dominant global power, positioning it as the West’s leading partner in Iran and effectively ending British supremacy in the region. This transition is crucial for understanding subsequent developments: the launch of

²Daniel Lerner, *The Passing of Traditional Society: Modernizing the Middle East* (London, 1958).

³Walt Whitman Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (London, 1960).

the Iranian First Development Plan (1948–1955), which echoed the principles of the Point Four Program. Brew also examines the nationalization of Iranian oil under Prime Minister Mohammad Mosaddeq in 1951 and the subsequent United States and British-engineered coup d'état in August 1953, which toppled Mosaddeq's government. These events underscore the geopolitical strategy, economic ambitions, and the intense competition for oil dominance that characterized this period.

The formation of the Oil Consortium in 1954 marked the end of British monopoly over Iranian oil, introducing other significant players into the Iranian oil sector and reshaping its global standing. This Consortium not only represented a major shift in Iran's oil industry management, but it also highlighted the complex interplay between geopolitical interests and economic strategies in the region.

In the second part of the book (Chapters Five to Seven), Brew delineates the transformative epoch spanning from 1954 to 1964. This era, pivotal for its developmental milestones, shines a light on the considerable sway held by American developmentalists in Iran, a nation then experiencing a surge in prosperity due to its petroleum resources. Marked by critical advancements such as the establishment of the Oil Consortium and the implementation of Iran's Second Development Plan (1955–1962) as well as the inception of the Third Development Plan (1962–1967), this period stands as a testament to the significant repercussions of American developmental strategies within the region.

Chapter Five offers a comprehensive analysis of the transformative economic development in Iran, primarily shaped by the altered political landscape following the coup of August 1953 and the subsequent solidification of the monarchy's unchallenged authority. This shift towards a political environment devoid of parties and labour unions paved the way for governance with diminished accountability. Brew highlights that, during this period, Iran emerged as a fertile ground for both Iranian and American developmentalists. Leading the Iranian effort was Abolhasan Ebtehaj, the visionary behind the Second Development Plan. Representing American developmental interests, the Development and Resources Corporation took the helm from 1956 to 1963, overseeing the Khuzestan Development Service. This initiative focused on a comprehensive dam, irrigation, and petrochemical project, marking a significant period of collaboration and development in the oil-producing province of Khuzestan. Nevertheless, it soon became evident that the collaboration between these two agents of development implementation was not as efficacious as had been anticipated, lacking the requisite coordination.

The sixth chapter explores the impact of the Organization of the Petroleum Exporting Countries (OPEC), founded in 1960, on Iran's developmental trajectory. The emergence of OPEC marked a critical shift in relations among the Western powers, oil companies, and OPEC member states. It effectively ended the master–servant dichotomy that previously characterized their interactions. In this earlier period, oil companies and certain Western countries dominated the oligopoly over oil prices and policies. This shift ushered in an era where OPEC nations began to assert their autonomy, challenging the previously unchallenged adherence to American developmental agendas. Brew adeptly captures this pivotal moment, heralding a new phase in US–Iran relations characterized by a recalibration of power and influence that would redefine their interactions in the

years to follow. This recalibration endowed the Iranian government with enhanced stature and influence. As Iran's leverage in dictating the terms of its oil resources grew, the foundation was set for the emergence of what Brew identifies as "oil nationalism". The Iranian government, leveraging its prominent position within OPEC, engaged in strategic negotiations with the Consortium. It aimed to mitigate any potential discord among the oil policies of OPEC members, using such situations to its advantage. Iran showed readiness to face off against other OPEC members, if necessary, to establish a superior negotiating position against the major oil companies.

In the seventh chapter, Brew examines the influence of American Democratic policies under President John F. Kennedy (1961–1963), underlining the critical need for economic development in Iran. The urgency for such development stemmed from a combination of factors: administrative disarray, mismanagement, political rivalries, inertia, and a deficiency in expertise in Iran, all of which contributed to the failure of previous rapid development initiatives. Additionally, the revolution in neighbouring Iraq heightened the United States' push for economic and liberal reforms in Iran. The Democratic administration, concerned about the stagnation of their initial proposals, issued a stark ultimatum to their allies in the Global South: implement top-down reforms or face the risk of bottom-up revolutions that could overthrow their governments. Recognizing the implications, the Shah understood that without managing development effectively the United States might intervene with its own alternative. In response, he launched his White Revolution, adopting leftist rhetoric to position himself as the sole architect of comprehensive reform. According to Brew, for the United States, which was focused on its strategic interests during the Cold War, supporting the Shah's model of top-down, modernist authoritarianism represented the most secure course of action. Brew interprets these developments as marking the end of developmentalist influence in Iran.

In the final chapter, "Epilogue", Brew constructs a narrative bridge between early-1960s Iran and the revolutionary conditions of the late 1970s leading up to the 1979 revolution. According to Brew, during this twenty-year period, Iran transformed into a proto-state shaped by oil nationalism. The ambitions of this state, aiming for achievements without a material basis for their realization, rendered the occurrence of the 1979 revolution somewhat inevitable.

Brew's meticulous research, based on an array of less-explored documents, offers invaluable insights into the complex interplay of oil in Iran's economic and social development. While the narrative primarily focuses on the role of oil, Brew intermittently weaves in discussions on the broader themes of change and development in the Global South.

Petroleum and Progress in Iran is an indispensable resource for those keen to understand the multifaceted role of oil in the developmental agendas of the twentieth century, set against the backdrop of the Cold War. Gregory Brew's scholarly work is not only a testament to the intricacies of Iran's history, but it is also a call to reflect on the broader implications of development policies in oil-rich societies of the Global South.

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