

# The Next War for Oil

by Paul Donahue

13 March 2005

*Oil is the life blood of modern empire. - author Larry Everest in his book Oil, Power & Empire: Iraq and the U.S. Global Agenda*

As the Bush Oilygarchy's rhetoric against Iran grows more bellicose almost by the day, recycling the very same lies used in the buildup to the illegal war against Iraq, has anyone heard a peep from the mainstream media about the presence of oil in Iran? I know I haven't.

When the Bush Oilygarchy violated half a dozen international treaties and invaded Iraq in March 2003, Iraq had the second largest proven reserves of oil in the world, trailing only Saudi Arabia. However, in the intervening months, as US troops slaughtered a hundred thousand Iraqis, mostly innocent women and children, and tortured prisoners in places like Abu Ghraib, major new oil discoveries were made in Iran, in the Kushk and Hosseineih oilfields in the southwestern province of Khuzestan.

Shouldering aside Iraq, this new oil find has elevated Iran from third place to second place in proven oil reserves...132 billion barrels versus Iraq's 112 billion barrels. WE INVADDED THE WRONG COUNTRY! But not to worry, the Bush Oilygarchy is busy at work to rectify that mistake.



A map of the Middle Eastern-Central Asian oil corridor. *Copyright©1995 by Henry Madison Research, Inc.*

Plotting and wrangling for control of Iran's oil riches is nothing new. However, given the historical amnesia of the US corporate media, and their disinclination to place events in context, one could be forgiven for thinking that a US invasion would be the first battle over Iran's oil.

Oil is quite possibly the greatest blessing and the greatest curse that human civilization has known. Iran began to suffer the curse almost as soon as the usefulness of oil was discovered. The following is a brief summary of the struggle over the last century to control Iran's oil riches...

### **British Beginnings**

- On 28 May 1901 Mozafar'od - Din Shah of Qajar granted the British subject William K. D'Arcy a 60-year oil concession on all areas of Iran except the five

northern provinces bordering Russia. The concession provided its holder the exclusive privilege to explore for, exploit and export petroleum.

- Oil was discovered in Iran in May 1908 at Masjid-e-Solaiman. In April 1909, Lord Strathcona, a British financier, established the Anglo-Persian Oil Company (APOC). This intensified the struggle between Great Britain and Russia for control of the region. An Anglo-Russian agreement had been reached in 1907, dividing Iran into spheres of influence, but the agreement was annulled after World War I ended in 1919.
- On 20 May 1914, an agreement was signed between the British government and the APOC by which the British government became the major shareholder of APOC, owning 51% of the shares. The agreement gave the British government the right to appoint two directors to the Board who would have the power of veto on any questions relating to British national interests. Also on the same day, a contract was signed between APOC and the British Admiralty by which APOC guaranteed the supply of oil to the Admiralty for 30 years at fixed prices. The arrangement was approved by Britain's House of Commons on 17 June 1914, the eve of World War I.
- The Pahlavi dynasty replaced the Qajar dynasty in late 1925. In 1928 Reza Shah Pahlavi's government initiated negotiations over the British oil concessions. Intense negotiations continued until November 1932, when the Shah cancelled the D'Arcy concession. After the Pahlavi government refused to withdraw the cancellation announcement, the British government first took the matter to the Permanent Court of International Justice, then to the League of Nations. In April 1933, in return for many compromises on the part of the British, an agreement was reached for a new 60-year concession.
- Mohammed Reza Pahlavi, Shah of Iran, began his reign in 1941, succeeding his father, Reza Shah Pahlavi (Reza Khan), to the throne.
- In August 1941, two months after the German invasion of the USSR, British and Soviet forces occupied Iran. American troops later entered Iran to handle the delivery of war supplies to the USSR.
- At the Tehran Conference in 1943 the Tehran Declaration, signed by the United States, Great Britain, and the USSR, guaranteed the independence and territorial integrity of Iran. However, the USSR, dissatisfied with the refusal of the Iranian government to grant it oil concessions, fomented a revolt in the north which led to the establishment in December 1945 of the People's Republic of Azerbaijan and the Kurdish People's Republic, headed by Soviet-controlled leaders. When Soviet troops remained in Iran following the expiration in January 1946 of a wartime treaty that also allowed the presence of American and British troops, Iran protested to the United Nations. The Soviets finally withdrew in May 1946 after receiving a promise of oil concessions from Iran subject to approval by the

parliament. The Soviet-established governments in the north, lacking popular support, were deposed by Iranian troops late in 1946, and the parliament subsequently rejected the oil concessions.

### **Oil Nationalization and the CIA coup**

- In 1951, the National Front movement, headed by Premier Mosaddeq, a militant nationalist, forced the parliament to nationalize the oil industry and form the National Iranian Oil Company (NIOC). Although a British and US blockade led to the virtual collapse of the oil industry and serious internal economic troubles, Mosaddeq continued his nationalization policy. Openly opposed by Mohammed Reza Pahlavi, Shah of Iran, Mosaddeq resigned in the summer of 1952, but three days of pro-Mosaddeq rioting forced the Shah to reappoint Mosaddeq to head the government. The Shah then fled Iran.
- In June 1953, the Eisenhower administration approved a British proposal for a joint Anglo-American operation, code-named Operation Ajax, to overthrow Mosaddeq. Kermit Roosevelt of the United States Central Intelligence Agency (CIA) traveled secretly to Iran to coordinate plans with the Shah and the Iranian military. The Shah returned to rule the country when the CIA-instigated coup forced Mosaddeq from office in August 1953.
- With the Shah in power, the National Iranian Oil Company was effectively un-nationalized. In 1954, Iran allowed an international consortium of British, American, French, and Dutch oil companies to operate its oil facilities, with profits shared equally between Iran and the consortium. U.S. firms received 40 percent of the formerly 100 percent British-owned company. This was, in the view of the New York Times, an "object lesson in the heavy cost that must be paid" when an oil-rich Third World nation "goes berserk with fanatical nationalism."

### **The Iranian Revolution**

- In the Iranian Revolution of early 1979, the pro-US Shah of Iran, was toppled and forced to flee the country yet again, and Ayatollah Khomeini returned from exile. On April 1st, after a landslide victory in a national referendum, Ayatollah Khomeini declared an Islamic republic with a new constitution reflecting his ideals of Islamic government.
- On 4 November 1979 Iranian Islamic students stormed the US embassy in Tehran, taking 66 people, the majority Americans, as hostages. This event, as with the Iranian Revolution, was, in large measure, a reaction to 25+ years of U.S. interventions in the region. Nowhere was the U.S. more deeply involved in imposing and maintaining a dictatorial regime than in Iran, and nowhere was it more hated. The seizure of the embassy was, in particular, motivated by fears of an attempted repeat of the CIA's 1953 coup.

- A failed mission to rescue the hostages was undertaken on 24 April 1980. The US military buildup prior to its April raid raised Soviet fears of a US invasion of Iran. Moscow responded by moving half its 100,000 troops in Afghanistan to the Iranian border.

### **The US and the Iran-Iraq War**

- Between April and August 1980, while Jimmy Carter was president and Zbigniew Brzezinski was his National Security Advisor, numerous US government memos and meetings between Brzezinski, Hussein and other Middle Eastern leaders signaled the US support for an Iraqi invasion of Iran. In particular, a meeting was held in Kuwait between Brzezinski, King Fahd of Saudi Arabia, Emir al-Sabah of Kuwait and Saddam Hussein in which Saddam Hussein was instructed to invade Iran and to detach the oil-producing, southwestern province of Khuzestan. If Iraq had succeeded in capturing Khuzestan, the heart of Iran's oil industry, Iraqi oil production capacity would have been boosted from 4 to 11 million barrels a day. This would have put Baghdad in control of about 20 percent of world oil production. Iraq would have also controlled deep water ports and offshore oil terminals which it had been long denied by the legacy of its British-drawn borders, reducing its dependence on oil pipelines running through other, sometimes hostile, neighbors.
- On 16 August 1980, columnist Jack Anderson published an article reporting that, "A startling, top-secret plan to invade Iran with powerful military forces has been prepared for President Carter. The ostensible purpose is to rescue the hostages, but the operation also would exact military retribution." Anderson reported that the assault, tentatively scheduled for October, called for seizing and holding Kharg Island, through which 90 percent of Iran's oil flowed, and possibly other oil fields in southern Iran. The Soviets seem to have responded to Anderson's expose by placing their forces near Iran in a higher state of readiness.
- On 22 September 1980 Iraq launched a massive invasion of Iran. Over a million lives were lost in the ensuing war, one of the longest and bloodiest conventional wars of the 20th century. Millions more people were turned into refugees.
- Starting in 1982 the CIA provided \$100,000 a month to a group in Paris called the Front for the Liberation of Iran, headed by Ali Amini, who had presided over the reversion of Iranian oil to foreign control after the CIA-backed coup in 1953.
- In the mid 1980's, in what became known as the Iran Contra scandal, the US illegally supplied arms to Iran through Israel. With the US arming Saddam Hussein in Iraq, and simultaneously aiding Ayatollah Khomeini in Iran, Henry Kissinger made the remark, "Let's bleed them both white."

- The Iran-Iraq war lasted eight years, until August 1988. The resources wasted on the war exceeded what the entire Third World spent on public health in a decade. The direct and indirect cost of the war for both countries has been estimated at 1.2 trillion dollars! The US, Great Britain, Soviet Union, West Germany, and France supported Iraq, providing military support, and even components of Iraq's weapons of mass destruction. The full extent of US military involvement in the Iran-Iraq slaughter is still emerging, but it is clear that the US and its European allies were directly complicit in many of Iraq's worst wartime atrocities, including its use of chemical weapons.
- Despite a trade sanction in place since 1980 outlawing US citizens and companies from doing business in Iran, US oil services companies, such as Halliburton (Dick Cheney's former employer), Weatherford, Smith International, and Baker Hughes have exploited a loophole in the law and continue to operate in Iran to this day. Meanwhile, Exxon Mobil and other oil companies have been pressuring Congress and the Bush Oilygarchy to give them access to Iran. The controversial energy task force that was headed by Vice President Cheney broached the possibility of lifting some of the economic sanctions against the country.

As much as I am opposed to the policies of the Bush Oilygarchy, it must be made clear that every US administration back to at least the early 1950's, Republican and Democratic alike, has played a significant role in the struggle to control Iran's oil. However, as the world approaches peak oil (the rapidly approaching point at which world oil production will reach a peak and then begin to decline), and with 132 billion barrels of oil at stake, Iran is clearly set to play an even bigger role in US oil politics.

With the invasions of Afghanistan and Iraq, and the threatened invasions of Iran and Syria, the Bush Oilygarchy's response to peak oil is clear. What is not clear is how the American public will respond. Will Americans once again believe the lies about weapons of mass destruction? Will we go along for the ride, dragged into one oil war after another by successive US administrations? Or will we see through the lies and steer a course away from dependence on the hydrocarbon molecule and towards a sustainable energy future? Most importantly, are we willing to accept the ruination of other cultures, and the environment, to maintain our profligate lifestyle? The maxim *when the people lead, the leaders will follow* is clearly at play here. It is up to us to show the way out of the billowing clouds of oil smoke obscuring the vision of our so-called leaders.

Much of the above historical information comes from:

- *Imperial Alibis*, by Stephen Shalom, published by South End Press in 1993
- *Oil, Power & Empire: Iraq and the U.S. Global Agenda*, by Larry Everest, published by Common Courage Press in 2004
- [http://www.iranchamber.com/history/articles/oil\\_iran\\_between\\_world\\_wars.php](http://www.iranchamber.com/history/articles/oil_iran_between_world_wars.php)
- [http://www.iranchamber.com/history/oil\\_nationalization/oil\\_nationalization.php](http://www.iranchamber.com/history/oil_nationalization/oil_nationalization.php)
- [http://www.nioc.com/brief\\_history/](http://www.nioc.com/brief_history/)
- [http://www.encyclopedia.com/html/section/iran\\_history.asp](http://www.encyclopedia.com/html/section/iran_history.asp)