Well Mr Levey, I wonder if you could start talking about the reaction of the oil companies over here in the States when Mossadegh nationalised Anglo Iranian, were they pleased, were they angry? When Mossadegh nationalised the Anglo Iranian Oil Company, of course every other oil company that had interest in the Middle East was very much concerned that this would be the beginning of a flood of nationalisation in the whole area. There was of course substantial interest of all the companies, American and other British companies, there was interest in the Middle East to number one, support Anglo Iranian in it's effort to resist nationalisation, or to handle it in such a manner that it wouldn't harm interests elsewhere, and there was also an interest of the oil companies at the beginning at least, that the nationalisation would fail completely. And therefore it would show that it doesn't pay, to spoil existing interests overnight by sovereign action of a country.

did they in any way feel that Anglo Iranian were themselves to blame for the situation in Iran?

Er, there was a feeling that er Anglo Iranian may not have handled it's affairs as skillfully as I believe they handled their affairs, this is a natural inclination of people to consider their action as much more responsible
than that of other countries, but there was always a feeling in the American oil industry at least that perhaps Anglo Iranian had not modernised and had not accepted the new world as it came out of the world war too.

And why was it then that the oil companies decided to support the boycott of Iranian oil which Anglo Iranian called for?

It er, Anglo Iranian after nationalisation would have found that Iranian oil can be sold without and produced and sold without any effort of the Anglo Iranian, it would have further intensified the nationalistic strength, in other countries, and they would think therefore what Iran did we can do to, maybe we can do it better. So there was a substantial interest that effort would not succeed, and that meant that Iran would be unable to sell, I believe during the whole period er Iran had nationalised it's oil industry, no other company had come in to develop the oil and produce and export it. I think the total production of Anglo Iranian in that period was perhaps of the order of five or ten thousand barrels a day, compared with nearly seven hundred thousand barrels a day produced before the nationalisation.

It's a large amount, erm did the State Department report this boycott by the American companies.?

I think the State Department was as interested as anybody else, that nationalisation if it is carried out much involve effective, prompt and realistic compensation. As this was not the case, in the Iranian
situation, I think the State Department er would have felt er that nationalisation was not legal nationalisation at that time.

Moving on......

Can we now talk about the Harriman Mission which you went on in July '51, can you tell me why that mission was sent to Iran?

Yes, er in 1951, the relationship between Great Britain and Iran had deteriorated very much, and it was felt here and I believe in Britain too because what he did was...British....that what was perhaps needed was a mediator who would try to bring the two parties again together so that they would continue to talk, rather than have a situation where nothing could occur because the two parties were not talking to each other, so President Truman appointed with the approval of the British ......Harriman, to go over and see what, try to see what he could do.

Did you go with any pre-conceived ideas as to what would bring the sides together.

Not really, I think we had to study the situation on the spot, and our first objective was to get the two parties talking again, rather than come up with this pre-conceived solution at this time or perhaps even at a later time, you could only do that after we had really sized up what effects were, could be constructed in any arrangement between the two.

You arrived in Iran, and I understand that you were greeted with demonstrations, can you tell me about this?
Yes the day we arrived there were violent demonstrations which I believe brought the death of at least thirty or forty Iranian's, against er the Harriman Mission. And we were needed to be put under police protection, and from that moment on......

What was your feeling erm when you went back to Britain, having first of all got Mossadegh's agreement to talk about the British, were they sincere in wanting a settlement over there?

I think the British wanted a settlement, the question was whether they still felt they could get a settlement more or less on their terms, or had to adjust to new circumstances. And er, there were perhaps two or two positions in the, within the company there was the old guard which felt we have to go back to whatever had been suggested before, and there were people in the company who felt one had to make some adjustments and had to take into account the going nationalism that er effected the whole problem.

I understand that you saw Gaitskill, can you remember what he said to you?

Well we talked at length about the problem, but Gaitskill of course and from his point of view, and from an overall point of view legitimately was very much concerned that as a result of a new settlement in Iran, the British company would not find itself in an impossible competitive position, and would be burdened with much higher costs of oil, which it couldn't possible sell. So he, his parting word to me was that I hope you will not desert the fifty fifty arrangement would had just been previously concluded in Saudi Arabia.
In other words he didn't want to put Anglo Iranian at a disadvantage, compared with the American companies. He didn't want to er Anglo Iranian to be in a position that it comes back with a settlement, and then could not live up to that settlement because it's oil would be too expensive.

You spent a long time talking to Mossadegh, can you tell me what kind of man he was, how you found him?

He was an old man at the time, he was brought up in Switzerland, French was his foreign language, he had er quite a sense of humour, he was utterly impractical, but he was not militant, and but he had no idea how to er run a big organisation including perhaps his own country. And I always felt in a way, sorry for him, because he obviously felt and maybe he did feel to fulful an historical role, but he couldn't really er deliver, he could destroy but not build up again.

What kind of solution do you think he would have accepted?

I believe during his early part of the crisis he was not really ready to settle for anything, twice during our negotiations we had a situation where during the day we discussed with him certain arrangements, which he said are acceptable, an the next day he came back and told us if I accept what you told me, that will not be accepted by my people and he put it, I cannot run for election again. And another time he told us .....accepted, it involves an appointment of many people
for my country which have to be absolutely honest. And I'm not so sure that I can find them. And did he in fact propose in fact that an American company take over the running of the oil?

He kind of indicated that if the British interests would be replaced by an American interest, that would be fine, but whether he would have in fact have accepted American interest I kind of doubt, and also in our position as mediators, as friends so to speak of both sides, it was absolutely impossible, that the mediator comes home with the bacon. And it would have been a terrible blow to Anglo American relations, and I believe .....Mr Harriman.

Indeed, in fact Mossadegh often said that he was concerned to establish the sovereignty of Iran, where you sympathetic with that view?

I believe that it was a natural desire that he would have to have his sovereignty, he complained to us bitterly, I don't know whether it's true, but the Iranian flag has never flown over Abadan. He also complained bitterly of course about the treatment of Iranian's in the company itself, which was still reflecting a colonial situatin, which I should add has been the natural cause.....

......our own investment in developing countries in the pre-war period, you could have found it in many other countries....British....late in adjusting to a post-war period, something else again....

And I believe that Mossadegh talked to you about the Boston Tea Party, can you tell us that story.
END OF EMPIRE -
- MIDDLE EAST

ROLL 53 CONTINUED

MAN Which I should add has been er the natural cause of any Western Power investment in developing countries in the pre war period. You could have found it in many of the countries. But the British they are late in adjusting to a post war period is something else again.

WOMAN And I believe Mossadeq talked to you about the Boston Tea Party can you tell us that story?

MAN ... At one time when I was sitting at the bedside of Mossadeq and I described to him the problems er that could arise for his country, its own industry could not operate, there was balance of payment problems, his foreign exchange problems the unemployment, he kind of smiled a little bit, and said to me He?
you know, Mr Levy, .. join the Boston Tea Party. I could have been an Iranian Advisor to the Americans, and he could have talk to them about the bad consequences, was American balance of payments. That would result from American independence what do you think would have happened to the advisor? ..ACCENT IS NOT AT ALL AUDIBLE.... I said to him you know Mr Prime Minister, I don't think the advisor would have lasted. And he said, he said, ......You said it..

WOMAN So in fact you felt he wasn't really er, concerned to settle at that particular point. He was willing to let the thing ride up and hoped that he would give in?
I believed his idea was that if he can sit it out, er, overall consequences to the role position in the Middle East, the political consequences all were in fact... then, would be such that we would make compromises even though they would be very costly in the national term. I don't know how detailed his argumentation was. His thinking was. But subconsciously at least, I think he felt that way.

Mmm.

MAN

And he often said to us, you know, we live without ... for many many hundreds of years thousands of years and even when we had ... under the British we got practically no benefit. Because all the revenue that we got was little enough he said We had to spend for military purchases, so what's the difference. And there was a lot of difference, but he didn't quite admit it.

WOMAN

And that was the position that the oil companies would never have accepted?

MAN

You mean,...

WOMAN

That the Iranians live without their oil?

MAN

Er, you know, you can't.... they had to accept it, because it existed. But you can't, put the clock back, easily. You can now say that you go back to your post national product 15 years ago after all you were able to do it fifteen years ago. Why not now? If you do that, you will face political problems in stability and economic attribute.

Mmm.
The British said to us that they were rather scared of you because of your role, sorry we have to stop....

You appeared to have had the reputation in Britain as being rather frightening for the British. Could, do you know why that would be?

I believe the reason I have been er as I had, I was was reasonably, completely independent, and er, I had er perhaps some new ideas. And er, I was not under their control or anybody else's control. It's the same day as...INAUDIBLE.... so they were afraid I would come up these proposals, which they would dislike. And ...INAUDIBLE ACCENT... to contact.. Er, I may add that many years later I got one of the highest British decorations but ..INAUDIBLE...

Er I wonder if you could tell us what happened. I understand. a few weeks before the coup de etat, which unseated Mossadeq you got a message from the Iranian embassy. Could you tell us about that?

Yes. Just, two weeks or so, before Mossadeq was er, thrown out. Er, the iranian ambassador in Washington called that he had just received an urgent cable of Mossadeq that I could come to Persia. Because er, Mossadeq was now willing to settle. But he would have liked me to explain to him how the Mexican prices was settled. And to so to speak maybe who held his hand during the course of preparation for a settlement, and perhaps even the negotiations. Er, I went of course to the state departme
MAN CONT. because I was in... problems with the State Department asked them what they think I should do. They told me please try to postpone a decision for about two weeks, and postpone it in such a manner that you can go then. If you still want to go and its, we have no objections. So I told him that I had a bad flue, I cabled back that I had a bad flue, but hoped to recover within about two weeks or so. During his... Mossadeq referred to this incident. Probably partly to prove that he was willing to settle. And he then I think added that of course er, my refusal, it certainly proves that the whole political development in Iran had followed, was a result of an American intrigue. And er, therefore, er, he feels that he should not be sentenced er, by the Shah.

WOMAN And yet what was the attitude of the oil companies towards Mossadeq's government, in 1953?

MAN Oh it was one, er, they felt he was ruining his country. Which he certainly did by not settling. And er, that it would be bad for everyone, that a country like Iran, would er, er, decline in power, would disappear as an organised stable country. Little did they know about Khomeini at the time.

WOMAN .... that's another problem. Just going back to the ... for a second, did you meet the Shah and what impression did the Shah make on you?

MAN Er I met the Shah several times, he made the impression of a shy person. Er rather marginally involved in the problems. And somewhat reluctant to exercise power or to take positions.
MAN CONT. I believe it may have been an underlying characteristic of the Shah anyhow, which he over compensated in the following years.

WOMAN Mm. And finally er, if you were asked to summarise what the consortium was set up and in fact what the final outcome was of those negotiations, how would you explain Britain's position at the end of the day. In 1954?

MAN Britain's position at the end of the day was probably as good if not better than it had been before. It was a consortium the British were still get all the oil they wanted. They had to bring in er sixty per cent, anomaly, Iranian interests of which...INAUDIBLE... it means competing interests.

but it, at the same time, allows a resumption of oil operations (England?)(Ct. Britain) which Iran couldn't have handled by itself. It allowed the spreading of the risk and it provided for Ct. Britain for many years a very substantial compensation.

I believe the outcome as it finally developed was inevitable. At the same time, it was structured in such a manner that it didn't set a president or similar actions er, such as nationalisation in any other country.

WOMAN And what about the outcome for the Iranians? Could they produce as much oil as they really had wanted to under Mossadeq?

MAN No. Obviously not. But at the same time, if they had produced as much oil as they had wanted to, they would have the problem of selling it. And selling it at the price at which in fact it was sold under the consortium. And I believe even in 1954 the Iranians could not have handled the problem, In terms of
MAN CONT. the physical and technical problems operating these large oil fields. At the same time to develop an international market. Which would be available to them without tremendous price concessions. And this commercial and foreign exchange capabilities which the Persians did not possess at the time.

WOMAN It wasn't a question of the oil monopolies having their own way by screwing the thumb.

MAN Well if there had been no international oil companies anyway, the oil market would have been a world wide free market. The situation would have been somewhat different. But the price of oil would have been substantially less, and the revenues of the producing countries, would have been very much lower.

WOMAN Thank you.

END OF ROLL 53 CONTINUED