



Chapter 1

1969 Dr. Reza Fallah with his daughter Lili Lawrence attending Montreal International fairs as Iran Ambassador.

Chapter Two

Oil Nationalization Movement

1950-1956

During the summer of 1950, Iran was in turmoil because of the movement toward Oil Nationalization. Since 1946, a general strike in the Abadan Refinery and the oil fields of Iran led the government's declaration of Martial Law which exercised severe control over the oil industry compared to the other parts of the country. Anglo Iranian Oil Company (AIOC) efforts to improve worker's conditions and build new houses were too little too late. After the strike ended, the city morale completely changed along with its political activities, although they secretly became a daily habit of the younger people. The Gass-Golshacian agreement for the settlement of Iran's demands for higher oil income was presented for approval to the Iranian Parliament in July 1949 at the end of fifteen parliamentary sessions. This agreement was seriously rejected by people and five opposition members were successful in delaying the fate of that agreement to future Parliament election.

At the same time, oil exploration and production agreements

undergoing major changes from concessions to a 50/50 arrangement whereby oil companies were paying 50% tax on their income from posted prices of exported crude oils. This arrangement was started by US major oil companies, first in Venezuela in 1948, then Saudi Arabia, Kuwait and Iraq in 1950. Iran was the only major oil producing country waiting to be benefited from this arrangement, while Iran was busy negotiating with the AIOC and its major shareholder, the British Government, since 1946. The insistence of the AIOC to force Iran into accepting continuation of the concession arrangement, with minor increases in Iranian revenue, was AIOC and British Government's greatest mistake. At that time, following the great uprising, the people of India had broken the chain of slavery, and India had become independent.

India's independence was the biggest news worldwide, especially in the Middle East and Iran acting as shield for British security in India since the Great Game of the eighteenth and nineteenth centuries. With the long history of British involvement in the Great Game, and loss of Iranian territories to Russia because of that as well as the humiliation of Iran in 1909 and 1919 as planned to partition and annexed to Britain and Russia. AIOC was under the impression that Iran and Iranians will never have the courage and unity to stand against the British Government for their demands.

But the oil revenue issue, together with the unhappiness of the Iranian public for the long term bad behavior and treatment of the British Government and AIOC, suddenly made the oil problem a national issue against the British Empire whose mistreatment, bad intentions, and gun boat diplomacy had created such resentment. Bombarding Iran's Bushahr city Port by British battleship in return for an Iranian blockade of Herat City in then greater Iran, and today Afghanistan, which Great Britain wanted to separate from Iran, caused a storm of public opinion against the British Government and its exclusive agent, AIOC, in Iran.

New Iran elections for Parliament were executed with lots of irregularities and fraud in the country, and finally the elections in the capital city of Tehran were canceled. In the new election, Dr. Mohammad Mossadegh and his follower from the National Front, were elected as members of the new Parliament. In the new Parliament, with the support of the majority a resolution for the nationalization of the Iran Oil Industry and takeover of the AIOC was presented to the Parliament and then passed over to a special oil committee of 18 members to be reviewed, studied and reported to Parliament.

Under the turbulence in public opinion against the AIOC, the

discussion of the committee, under the chairmanship of Dr. Mossadegh, progresses toward rejection of the Gass-Golshaeian Agreement was continuing when General H. Razmara, former commander of the Army who was recently appointed as Prime Minister to resolve the stagnation of the oil issue, was assassinated. This assassination developed a state of horror and concern for most Parliament members known to have long standing relations with AIOC or British embassy, changing mind and become supporter of oil nationalization.

Under these circumstances, on 8th March 1950, the special oil committee, with full concurrence of all members, rejected the Gass-Golshaeian Agreement and approved nationalization of the oil industry in Iran. An extension of time for two months was requested to prepare the procedures to execute this resolution and its final approval.

From this moment forward, it was obvious that the giant of Nationalization freed from the bottle had brought honor and pride to Iranians, would never be put back in again. Nowhere in Iran this feeling more evident than in Khuzestan the southern Iran oil field province and city of Abadan, especially ATI, and the Hostel who felt the pressure of British imperialism to break their confidence and national pride by exercising all kinds of racial practices.

According to a 1933 agreement, AIOC agreed to increase the number of Iranian employees it hired. AIOC was contemplating hiring more Iranians as workers and for administrative jobs by hiring almost two persons for each job with little change in salary. At the same time, the company was employing 5000 British workers and the same number of Indian employees.

After more than 50 years of Indian independence, visitors to that country can still notice the effect of British rule on slavery. Jawaharlal Nehru, India's first and most famous Prime Minister, used to give two or three jobs to his trusted associate. When he was asked about this arrangement while many other educated people were jobless, his answer was: "During 200 years of British rule, systematically the principles of pride, respect, and confidence of Indian people were so badly abused that it will take at least two generations to gain the self, respect and confidence required to defend the Interests of India."

In reality, Abadan as, the center of movement for nationalization, had learned its lesson from India's struggle for independence. From all over Iran young Iranians had come to Abadan for employment. Now, at the time of this movement, these young employees as Abadan residents were the core and carriers of the movement's message all over the country.

Formation of NIOC

In March 1951 Hussein Ala, one of the respectable traditional politicians of Iran, became Prime Minister without a regular vote by the Parliament. At the same time, AIOC, with the hope of stopping or misdirecting the nationalization process reduced the allowance of some workers in the oil fields. The workers responded with a strike, and in a very short time this strike was extended to the Abadan Refinery and Technical Institute. Then, like 1946 strike, it was extended to the city and caused riots and rebellion resulted in the death of three British sailors who were on a commercial tanker in the port. Thus the military Martial Law returned to Abadan again. This riot, and its aftermath, was the perfect excuse for the UK to claim that with the difficulties in newly independent India, Pakistan, and Korea, the situation in Iran would present a danger to the west.

In that period Iranians had better unity, and some not devoted to the cause of nationalization were hoping that the problem with the AIOC would shortly be over. Therefore, internal cooperation and rejection by the US government against any military intervention foiled the British plan for a military takeover. In Iran, situation was very volatile and on April 25, 1951, Prime Minister Ala resigned. For his replacement the majority of the Parliament members and their leader, Jamal Anami pro British, wanted to appoint Sid Zia'eddin Tabatabaee as the Prime Minister. But Sid Zia was not an easy sale; he was British agent and Prime Minister of 1921 Coup which brought Pahlavi Dynasty to power.

In order to succeed in their plan, the majority leader tried to discredit Dr. Mossadegh. Considering the fact that Dr. Mohammad Mossadegh had refused to be Prime Minister on several occasions, the majority leader thought the best plan was to ask Mossadegh one more time to take the responsibility of being Prime Minister, hoping that he would refuse again. But Mossadegh was sharp and clever. He immediately realized the proposal was a hoax and responded: "If the Parliament approves the report of the special oil committee for the nationalization of oil and takes over the AIOC," He will accept the Prime Minister ship. He completely checkmate the majority leaders on that day, May 6, 1951, against all the odds, Mossadegh becomes the Prime Minister of Iran and there was no way to turn back.

Sid Zia remained in the waiting room as, the resolution for the Nationalization of oil and takeover AIOC operation in Iran approved with

full support of Parliament and Mossadegh become Prime Minister of Iran. Later, on March 19 1950, the Iranian Senate approved this resolution and, with approval of both houses of Parliament, the 19th of March, became a National Day for Iran.

Next day according to Article 5 of the Special Committee Report, the formation of the National Iranian Oil Company was approved and executed on April 28, 1951. Five days later, Mossadegh presented a list of his Cabinet Ministers to the Parliament together with the following two points as the plans of his government:

1. Execution of the Nationalization Law of Iran Oil Industry On 28 April 1951 and allocation of all income from these Operations to strengthen Iran's economy and establish National Iranian Oil Company (NIOC).
2. Reform of the election laws for national Parliament and Municipalities.

On May 11, 1951, and in accordance with Nationalization of the Oil Industry Law in Iran, the Parliament approved the list of council members for the takeover of the operations from the AIOC. Later, on May 31, 1951, the Council arrived in Abadan with its Chairman, Mehdi Bazrgan. The arrival of such an esteemed Council in Khuzestan and Abadan city was not normal. Maybe from the time Reza Shah arrived to end Shikh Khzel's conspiracy for making Khuzestan another independent state, like Kuwait under British rule, such a visit from Iranian authorities could not be remembered. Not even since the occupation of Iran and Khuzestan in the Second World War after the surprise arrival of British forces that sank Iran's two new battleships in which the attack and occupation was so unexpected and carried out so quickly at 2:00 AM that there was no time for mourning the death of Navy personnel including their Commander, Admiral Bayandor, who was killed in the attack on the second battleship in Khorramshahr.

Now, after more than a century of manipulating Iran's affairs, the British Empire was suddenly on its knees, and people in Abadan and Khorramshahr were waiting to demonstrate their feelings by welcoming the Takeover Council and expressing all their hidden excitement and anger. It was very surprising that among all the members of the Consul nly Hussein Maki, the Parliament member who was one of five parliament members blocking the Gass-Golshaeian Agreement, realized

the potential for upcoming demonstrations by the public. So he found some excuse to separate himself from the rest of the Council. One day before Consul travel to Abadan, he traveled to Ahwaz, a city that was a neighbor of Abadan and capital of Khuzestan province.

On May 31, 1951, when the Council group started their historical journey from Tehran Mehrabad Airport to take a one hour flight to Abadan, Maki started his one hour travel to Abadan by car. Maki's aides had made the necessary preparation and publicity in Abadan that the Council group would be arriving at Abadan via Ahwaz. As soon as he left Ahwaz, his aides informed the welcoming ceremony committee that the council was on its way to Abadan from Ahwaz.

Tens of thousands of excited people of Abadan – mostly workers, city merchants, and Abadan Refinery employees – started their pilgrimage in the opposite direction on foot, by truck, and any other means they could. They brought with them lots of cows, and sheep to sacrifice for the success of the Council as well as the well-being of Iran and Dr. Mossadegh.

Maki reached the group of well-wishers first about 15 miles from Abadan City, and all the way through that 15 miles whenever there was a sacrificial ceremony, Maki made several very emotional speeches attacking the British Government and the AIOC. By the time they arrived in Abadan, he was the most famous man in the country, after Dr. Mossadegh, and easily got the honor to be known as "Soldier of the Nation". Meanwhile the Council group arrived at Abadan Airport and were completely surprised by the very quiet welcome they received only by Company Public Relation Officials.

The next day the Takeover Consul visited the Refinery General Management Building, which was on the shore of the Arvand River (Shat Al Arab), and raised the Iranian flag over the building and placed a Farsi naming placard of the NIOC on the entrance wall. Then they went to the AIOC main office in Khorramshahr – which was the office of Eric Drake, Managing Director of the AIOC in the Persian Gulf.

When the Consul arrived at Drake's office, he was not in the building. The Consul entered his room and Bazargan sat on his chair. Shortly after Drake returned to the room, he became very angry that Bazaegan had sat on his chair. He had no reaction or discussion but left the room and went to Basra-Iraq by a boat. Developments happened so fast that things became completely out of AIOC control. Many British employees of the Refinery left Abadan urgently; the others remained anxious and worried. After the failure of the first proposal by the UK

during the visit of Basil Jackson, Deputy Chairman of the Board of the AIOC, the British Government announced that if the security of British expatriates in Iran were in danger they would use military force to protect them if necessary. Shortly after that, on June 5, 1951, the British battleship, Mauritius, arrived in the Arvand River at the shore of Abadan and anchored on the Iraq side of the river. Everybody considered this maneuver of the UK just a show of power, and knowing that without US agreement, British military action against Iran would not be possible.

Shortly after this development, Oil Nationalization case was referred to Security Council by British, for review, and Dr. Mossadegh decided to personally attend the meeting to defend Iran rights. Mossadegh was always very concerned for budget costs. He paid all the costs of the mission from his own private account and was careful that all members of his team had a specific role in this assignment.

Maki, who considered himself as being Mossadegh's second man, was very interested to be on this team, but he didn't have the qualifications that Mossadegh had established so, Maki was not able to join the team and come to USA. From that date Maki gradually distanced himself and changed his attitude toward Mossadegh. Shortly after, he was invited by the US government to visit the USA. When he returned he did not speak about his three week visit or the contacts he made in US, he was changed, joined the opposition and a famous opposition weekly magazine - Khondani ha. He established an office there, and used it to attack Mossadegh and never came back again to Khuzestan or Abadan.

At the end of September 1951, together with 39 other future classmates, I visited the Abadan Staff Employment Department and officially joined the staff as student employees of the National Iranian Oil Company (NIOC). At the time, the Abadan refinery and all other facilities for the production and export of oil were shut down and there was not a necessity to employ new staff or workers by NIOC. Therefore, we were probably the first staff employees the NIOC hired after its establishment. The students were junior staff and were allocated staff employment numbers. My number was 42245 with a monthly salary of \$100.00 that, after deductions for tax, utility cost, and rent it would leave about \$80.00. If we were successful in our studies after three years, we would be promoted to Senior staff positions while those who were unsuccessful would remain on the Joiner staff and join other company employees.

\$100.00 looks like very little today, but at the time in Iran it was a good income and those who were clever enough could even save a little and help the family, or buy cheap properties in their home town or the

capital city. Training at the Abadan Technical Institute (ATI) was for a period of five years. The first year was called Higher Introductory because it was used for the completion of high school, and was mostly used to help students become more familiar with English, which was the official language of ATI.

After the successful completion of the first year, there was a chance for five students to be selected to go to England to complete their studies at Birmingham University. This selection was made after three month's work in the refinery, and the student's performance report in refinery, cooperation, and knowledge of English were the main factors used for this selection. However, after Nationalization this procedures did not continued.

Some of the students would marry and return after four years with their British bride. Graduates of Birmingham University were known as "Birmingham's" and, together with Iranian Christians, were more favored by the AIOC. In most cases, there was great competition among the Birmingham's and ATI students, but both also competed with those students from US and Tehran Universities.

During the Oil Nationalization Movement, especially during the March 1951 strike, ATI was a major center of activity. In 1951, a great majority of new students in our class were supporters of oil nationalization, Dr. Mossadegh, and his National Front group. In previous years the general public was unhappy with the AIOC and all the internal politics. Most students had radical feelings which leaned to the left and supported the (communist) Tudeh Party. This tendency was especially more evident after the 1946 strike in Abadan. In 1948, after an unsuccessful attempt to assassinate the Shah, the Tudeh Party was found responsible and all its activities became illegal, making its followers participate secretly. In 1949 the activities against the Gass Golshaeian Agreement helped energize a flourishing national interest while radical interest was largely reduced. However, left radical and Tudeh party were involved in complicated political manoeuvres which was not in the benefits of nationalization movement, thus Dr. Mossadegh called them "Tudeh- Nafiti (oil) which means its was combination of USSR & UK politics

After the takeover of the AIOC operation, the exporting of crude oil and refined products was stopped due to the refusal of the AIOC to purchase crude oil and refined products on a temporary basis until the disputes and disagreements of the AIOC for British expatriates to work with the NIOC were settled. Therefore, the export of all crude oil

production in the fields and operation of Abadan refinery – the world's largest oil refinery at that time – was stopped. Meanwhile, by the arrival of the British battleship Mauritius at Abadan, security for the non-working expatriates in the refinery and in their homes became a number one priority issue. Therefore, the Martial Law declared in March was extended for an unlimited period, and General Taghi Riahai was appointed General Manger of the refinery.

During the 50 years of oil concessions – and 20 years after the 1933 agreement – racial discrimination by the AIOC that limited Iranian employees access to technical and operational responsibilities was so extensive that even the AIOC management was fooled and really thought Iranians were incapable of operating any facilities by themselves. When the battleship Mauritius left, before it reached the Persian Gulf, they thought that all water and power-producing facilities would be out of operation and they would receive an emergency message saying please urgently return.

However, this didn't happened in the Oil fields or at the Abadan Refinery. Not only did the supply of water and power continue but also the production of oil and refining continued to supply the Iran market normally as usual. When Dr. Mossadegh decided to attend the UN Security Council meeting in October 1951 to review British Government complaints against Iran, the new management at the Abadan refinery requested that the meeting be delayed for twenty days so that a refinery expert and the workers could put into operation Crude Distillation Unit number 70. This was one of the four largest crude distillation units of the Refinery and would show to the world that, against the claims of the AIOC, Iranian experts were capable of operating all facilities of the refinery. After approval of this request, Unit 70 was brought on stream to produce its normal output in the presence of the international media exactly at a time when the Security Council was meeting in NY and was able to report this success that covered the headlines of most newspapers in the USA and Europe. At the same meeting, Dr. Mossadegh announced that Iran was ready to settle the dispute with the AIOC, and use international experts, but would not give the control of the industry to other countries. The UN Security Council voted that parties should settle the problem together peacefully.

In the summer of 1951, after completing the Higher Introductory class, in a meeting with the ATI Chairman, a representative of the staff Employment Department, and the General Refinery Manager, four lines – mechanical, electrical, chemistry and plant operations – were specified as

the Institute's lines of teaching and students were free to select the subject of their interest. Two lines of Chemistry and Plant operations needed to be operated 24 hours a day so any interested students were informed that a candidate for these subjects should be ready to work at shift cycles of eight hours a day: four days in the morning and afternoon, one day off, four days at night with three days off. This shift service was naturally hard for youngsters of 18-19 years of age but because it sounded like more in the service of oil nationalization, like me the majority selected these subjects and shift work.

My place of work was the Process Department and I was assigned to the Cracking Section. Manger of the Cracking Section was Haikaz Badlian, an ATI Birmingham graduate and his assistant Buick Sepehrar, also an ATI graduate. Both knew my father and Sepehrar knew me better because I was a roommate with his brother. I had a short meeting with him in which he briefly explained the role of the Cracking Section in crude oil processing, and then explained that all operating units were now shut down. My first job was to make myself familiar with the operation of the plants, then to cooperate with other members of my shift to keep the facilities ready for operation.

Then I was assigned to the team that was the morning shift on that day. He took me to the office of Shift Control and introduced me to Abbas Emamian who was in charge of Shift Control. Emamian was an ATI student at higher Grade and was older than me. He was married and had a child, having worked for the company before. After getting his diploma he passed the ATI yearly test and had become a student. He knew my father and treated me like a brother. To save money he was not using refinery staff restaurants and his wife used to cook food for him. He always insisted that I share the food with him which usually was very good. He was also very careful that I learned my job although the plants were not working yet.

The first thing I learned was "line up" which meant you had to know the stream of flow for the feed and products in the particular plant to produce the final product. In addition to 'line up' you had to learn many other things: water line, power lines, air, stream, gas and other systems so that in case of an emergency, you don't waste time.

There were ten Cracking Units plus one recently built but not yet commissioned called the Catalytic Cracking Unit. Units 1-4 were very old and out of service years ago. Unit No. 5 was destroyed in a fire, and units No. 9 and 10 were very large and reasonably new. The Thermal Cracking operation of Units 1-10 was one of the very important, sensitive, and

dangerous operations of the refinery. Their main role was to receive Naphtha which was produced in crude oil distillation facilities under high temperature and high pressure and convert it to a high octane gasoline product. The Catalytic Cracking Unit was the largest processing unit of the refinery. It was a modern new technology that received what was called a Heavy Waxy Distillate so that it produced high octane gasoline using a special catalyst at moderate temperatures.

In the evenings I had a chance to talk to plant laborers and their foremen. Firstly, all of them were using the closure condition of the plant to learn more and add to their education, read newspapers and try to increase their knowledge of the development in their country with the hope that they could have a better chance in the future. In my 30 years of service with the company I never saw such enthusiasm in workers again. Secondly they liked to tell me how the British operators and Shift Control staff was not permitting Iranian engineers and ATI students to enter into plant's control rooms. In all industries, the control room with lots of instruments is the brain of the plant for control of operations, and reports all conditions of operation in the plant as it is continuously recorded. If anything went wrong, the head operator or a shift operator could adjust it with a small change in a particular instrument.

I was told that Iranian staff was not permitted inside the control room to learn how these instruments functioned, and the British were under the impression that this arrangement was working successfully. They didn't know that when they were going to refinery restaurants, which usually required a long absence, and they would assign the foremen to do their jobs. The foremen were inviting Iranian engineers inside the control rooms and explained to them every detail. Thus engineers who knew the theory of technology were becoming better informed and explained the process to the foremen, too.