

ROUNDTABLE: MOSSADEQ’S OUSTER AT 70 – LEGACIES AND MEMORIES

“A Roaring Farce”: The State Department, Sinclair Oil, and Iranian Economic Sovereignty in the Early 1920s

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On May 17, 1924, Mohammad Mosaddeq stood up in the Majlis to complain about the government’s inaction regarding a new oil concession for Iran’s northern provinces. He could hardly have predicted the future course of his public life or how intertwined it would be with international questions about national sovereignty and natural resources. But he did know how he felt right then. The concession proposed for the Sinclair Oil Company was “of vital importance to the country and should no longer be delayed,” he said. “We should not come here only to take tea!”¹

Mosaddeq’s exclamation, which may be his first appearance in the US State Department record, was forwarded to Washington by the US Consulate in Tehran because it captured a prevailing sentiment. That feeling also offers insight into an important continuity evident in this roundtable: the seemingly inevitable clash between Iranian economic sovereignty and US interests. That confrontation culminated, of course, with the Iranian nationalization law of 1951, the blacklisting of “stolen” nationalized oil on the international market, and the 1953 ouster of Mosaddeq and the National Front. But a close reading of the State Department record from 1920 to 1924 reveals a surprising disjuncture between the private acknowledgment of Iranian sovereignty and the policies made by young and influential US diplomats. Exploring that moment opens a window into those and other forces. It also helps us understand the historical grooves in which nationalization occurred, the terms of its deadset opposition, and even the patterns of memory deeply entrenched as legacy afterwards.

Discussions about legacy and memory rightly begin with epic moments, ones like the nationalization and the coup d’état. But neither Mosaddeq nor his brand of resource sovereignty appeared on the scene fully formed in the early Cold War. Neither did the final US response, with its totalizing emphasis on oil supply; the “loss of Iran”; or what the CIA called in 1954 “the security of the entire Middle East.”² Three decades before, in December 1923, the Iranian Majlis approved an offer to Sinclair Oil of four of its five northern provinces in return for a \$10 million loan. That offer, made amid another consequential long-term shift in Iranian history, newly self-appointed Prime Minister Reza Khan’s consolidation of power, had widespread support among Iranians who saw it as a counterbalance to the imperialistic control that the Anglo-Persian Oil Company exercised in the south. The American consul agreed, and he hoped that Reza’s firm hand would consummate the concession. “As regards oil, I am convinced that if a definite solution of the North Persian oil concession is ever reached, it will be under Reza Khan,” he told Allen Dulles, the thirty-year-old

¹ “Translations from the Persian Press of Tehran,” attachment to Kornfeld to Hughes, 17 May 1924, *Records of the Department of State Relating to the Internal Affairs of Persia, 1910–1929*, reel 27 (hereafter *RDS-Persia-27*).

² Giuliano Garavini, *The Rise and Fall of OPEC in the Twentieth Century* (Oxford, UK: Oxford University Press, 2019), 87. Also see Gregory Brew, *Petroleum and Progress in Iran: Oil, Development and the Cold War* (Cambridge, UK: Cambridge University Press, 2022), 21–51.

diplomat who directed the State Department's Near East desk. He expected Reza to play "the old Oriental game" of pitting British and Russian interests against each other. If so, the chances were "fairly good for a decision in favor of American interests."³

But prospects soured over the following months. Even as Mosaddeq despaired over the dithering, the popular Sinclair negotiator Ralph Soper became increasingly frustrated. He soon left Tehran with empty hands, and Reza's cabinet called for a parliamentary adjournment to give Soper time to raise the promised \$10 million in New York. Soper failed. By the next year, the US minister would report that Iran had "practically abandoned hope of seeing the Sinclair Company again resume its interest." He added that the whole affair was a source of "great disappointment, one might say disenchantment" for Iranian nationalists.⁴

One crucial reason for the Sinclair failure was US diplomatic opposition. Two men led that effort: Dulles and Arthur Millspaugh, who was first the State Department's economic adviser and then served as the director of a US financial mission to Iran. This short article cannot explain in full how they put their thumbs on the scale or what their choices tell us about the fundamental transformation of US diplomacy as it adapted to the structures of modern industry. I focus instead on what the State Department's attitude toward the northern concession reveals about the challenges faced by Iranians who sought greater economic sovereignty, both then and a generation after. To do so, I begin with the evolving situation of northern oil concessions a half-decade before Mosaddeq's complaint and Soper's departure.

Stranglers of the Weak

The State Department made a remarkable about-face at the end of 1921 regarding the invalidity of a Russian oil concession that the Anglo-Persian Oil Company purchased in March 1920. Millspaugh set the original policy of discrediting that concession, known as the Khoshtaria concession. First from the Office of the Foreign Trade Adviser and then as the State Department's inaugural head of the Office of the Economic Adviser, he challenged the validity of the original concession and Anglo-Persian's purchase of it.⁵ He set that policy within a larger American concern that Great Britain sought a global advantage in what many in Washington were calling "the commercial war after the war." In one example, Secretary of State Robert Lansing accused the British of conducting "secret negotiations to gain at least economic control of Persia."⁶ That position built on a deeper critique captured by Morgan Shuster, Iran's financial adviser before World War I and the nation's de facto agent in the United States, when he lambasted the so-called Great Game in his famous 1912 book, *The Strangling of Persia*. The British and Russian empires had presided over the "denationalization of twelve million Mohammedans," he wrote, taking away their "exercise of the most elemental acts of sovereignty."⁷

Millspaugh conducted a yearlong information-gathering campaign against the Khoshtaria concession and the Anglo-Persian purchase. He discovered that the Iranian government had signed concessionary contracts in 1916 and 1917 with a prospector named Akady Khoshtaria only after Tsarist troops violated Iranian neutrality. The Majlis had never approved the concessions, as required by the 1906 Constitution, and Great Britain itself had challenged the legitimacy of the concession before Anglo-Persian bought it. Finally, he learned that the Khoshtaria concession had become a symbol for Iranian nationalists. The first act of

³ Gotlieb, "The Present Political Situation in Persia," 2 December 1923, *RDS-Persia*-29.

⁴ Philip to Kellogg, 28 July 1926, *RDS-Persia*-27.

⁵ The Office of the Economic Adviser was established in 1920, replacing the Office of the Foreign Trade Adviser, itself established in 1916 to replace the Bureau of Trade Relations with the Office of the Foreign Trade Adviser and Office of the Adviser on Commercial Treaties.

⁶ Lansing to AmEmbassy London, 20 August 1919, and Isaiah Bowman to Lansing, 21 August 1919, both in the Robert Lansing Papers, box 45, Manuscript Division, Library of Congress.

⁷ W. Morgan Shuster, *The Strangling of Persia: A Story of the European Diplomacy and Oriental Intrigue That Resulted in the Denationalization of Twelve Million Mohammedans; A Personal Narrative* (New York: Century, 1912), 75–77.

the Majlis upon reconvening at the end of World War I was to cancel it, kicking off a series of laws designed to recover lost sovereignty.⁸ Millspaugh built this case over several months with the objective of justifying a competing concession for an American company. The Standard Oil Company of New Jersey emerged as his frontrunner, and he and other officials worked closely with company lawyers to communicate their interest to the Iranian government, support a geological expedition, craft a bid, and secure a US bank loan.⁹

An American concession and loan would weaken the British “whip hand over the Persian Government,” Millspaugh said at the time.¹⁰ Iranian sovereignty became an important component of his argument. He shared his findings with Jersey Standard executives and the new American Petroleum Institute, emphasizing the weakness of the Khoshtaria “indenture.”¹¹ Millspaugh invoked “the fundamental law of Persia” to justify US policy in official correspondence, and he requested a report from the State Department Solicitor’s Office to assess the “reasonable doubt” regarding Anglo-Persian’s claim.¹² In November 1921, the Majlis unanimously voted to offer Jersey Standard “exclusive rights” to negotiate a 50-year concession covering the Khoshtaria area. The US ministry in Tehran reported wide public support for the move. The “general tenor” of Iranian press coverage was “profound relief” that Iran granted “such an important economic privilege to a company identified with a great power other than England or Russia!” the US consul wrote breathlessly. “It is looked upon as in the nature of a declaration of independence.”¹³

But then, a month after the offer and more than a year after Millspaugh began collecting evidence, Jersey Standard informed the State Department that it planned to partner with the British. The American company saw “reciprocal benefits” in that deal: potential agreement on the greater prize of Mesopotamian oil, access from the land-bound Iranian north to British-controlled southern ports and the great Abadan refinery, and Royal Navy protection. For their part, the British sought an influx of capital, support in Iranian debt collection, and industrial expertise for railway and infrastructure projects. They also hoped cooperation with Jersey Standard would curb the influence of Iranian nationalists.¹⁴

Millspaugh had spent a great amount of time and telegram paper delegitimizing Anglo-Persian’s claim. But now that Jersey Standard announced its intentions to join forces with the British company, he shelved the Khoshtaria validity question and his linkage of Iranian economic sovereignty to US industry. Working with John Bassett Moore, the esteemed international lawyer who had consulted for Jersey Standard since they asked him to weigh in on the “Mexico Problem” in 1914, Millspaugh sought a formula for Anglo-American corporate cooperation. He shared with Moore his Khoshtaria dossier, his interpretation of the 1906 Constitution, and “etc., etc.”¹⁵ Moore agreed that the British claim was “legally doubtful.” But he told Millspaugh that Jersey Standard wanted to deal

⁸ Consul General, “Anglo-Persian Oil Company,” 17 March 1921, *RDS-Persia-28*; Hughes to AmLegation Tehran, 23 March 1921, *RDS-Persia-28*; Dearing to Caldwell, 9 April 1921, *RDS-Persia-28*; Wright, “Memorandum of Conversation,” 7 May 1921, Herbert Hoover Subject Collection, box 15, Hoover Institute, Stanford University (hereafter HHSC-15).

⁹ Merle-Smith to Khan, 12 August 1920, *Papers Relating to the Foreign Relations of the United States, 1920*, vol. 3, 353 (hereafter *FRUS-1920-3*); Secretary of State to Caldwell, 17 November 1920, *FRUS-1920-3*, 355; Oarr to Skinner, 24 November 1920, *RDS-Persia-28*.

¹⁰ Memorandum by Millspaugh, 17 December 1920, *FRUS-1920-3*, 356–57.

¹¹ Undersecretary of State to Sadler, 17 September 1920, *RDS-Persia-28*; Merle-Smith to Standard Oil Company of New Jersey, 22 November 1920, *RDS-Persia-28*; Fletcher to Hoover, 14 April 1921, *RDS-Persia-28*; Dearing to Manning, 14 April 1921, *RDS-Persia-28*.

¹² Hughes to AmEmbassy London, 22 September 1921, *RDS-Persia-28*; Office of the Foreign Trade Adviser, Memorandum, 10 October 1921, *RDS-Persia-28*; Handwritten note, ACM, 12 October 1921, *RDS-Persia-28*; Draft, Hughes to Geddes, 15 October 1921, *RDS-Persia-28*.

¹³ Engert to Hughes, 28 November 1921, *RDS-Persia-28*.

¹⁴ Michael J. Hogan, “Informal Entente: Public Policy and Private Management in Anglo-American Petroleum Affairs, 1918–1924,” *Business History Review* 48, no. 2 (1974): 197.

¹⁵ Millspaugh, Memorandum, 8 December 1921, *RDS-Persia-28*.

in oil, “not in diplomatic controversies.” Above all, the company believed “amicable relations” with Anglo-Persian were crucial to their Mesopotamian goal.¹⁶

The companies drafted a new fifty-year concession proposal in January 1922 that contained some of the Millspaugh-Moore plan. Anglo-Persian’s Khoshtaria assets would be transferred into the “single corporate ownership” of a new Perso-American Oil Corporation. The company would be incorporated under Delaware state law and Jersey Standard would exercise “managing control.” Anglo-Persian personnel would provide “an interchange of ideas and experience,” but the company would technically be American to curb nationalist criticism. J. P. Morgan & Co. processed a \$1 million gap loan from Jersey Standard to the Iranian government and started processing the \$5 million loan required by the Majlis concession offer.¹⁷

Jersey Standard’s legal counsel requested a State Department letter supporting the deal, and Millspaugh drafted one. He wrote that the Perso-American arrangement was “in general a feasible plan for the bona fide participation of American interests.”¹⁸ Assistant Secretary of State Fred Dearing added that the State Department “had no intention whatever of lending itself to any Persian scheme which might create bad relations” between Washington and London.¹⁹ Millspaugh predicted a nationalist backlash nonetheless. He was right: Iranian public opinion identified the Perso-American deal as part of a longer imperial tradition that menaced sovereignty. The US minister reported the unfavorable press. The most “abusive” attack accused Anglo-Persian and Jersey Standard of being “two greedy concerns, worshippers of gold and stranglers of the weak.” The Perso-American deal revealed how the United States “has shaken hands with the executioner of Asia.”²⁰ “Translator’s note: Great Britain,” the consul added, in case Millspaugh had any doubts about who wielded the axe.

Primitive Constitutional Machinery

When the companies made the Perso-American terms public, the Majlis foreign affairs committee responded that Iran would only negotiate with an “independent and responsible American Company.” By this, they meant Sinclair Oil, whose representatives had first approached the Persian minister in London in 1921.²¹ Dearing told Millspaugh that he could “only guess what Persia or the Sinclair people may do.” Millspaugh doubted Sinclair would “go in wholeheartedly on the Persian side.” But he did worry. “Don’t you think it is possible that the Persians may accept the Sinclair offer?” he asked Dearing.²² The “Sinclair people” counted on important Washington connections: Mark Requa, the nation’s “Oil Tsar” during World War I and Herbert Hoover’s future campaign director; presidential son Archibald “Archie” Roosevelt; and Arthur Veatch, who had worked with Millspaugh to draft pro-business legislation for South American countries.²³ Those men would work with their local representative, a journeyman named Ralph Soper who had just successfully negotiated a concession in Albania, to try to outbid Jersey Standard and Anglo-Persian over the ensuing two years.

Iranian politicians and newspapers largely supported Sinclair, whereas the State Department supported Jersey Standard; as Millspaugh wrote in a moment of candor, they worked “informally and unofficially” in the belief that “some arrangement will have to be made between British and American interests.”²⁴ In 1922, before he left Washington to

¹⁶ Millspaugh, Memorandum, 16 December 1921, *RDS-Persia-28*.

¹⁷ Contract copy, 6 February 1922, *RDS-Persia-28*; Bedford to Hughes, 21 February 1922, *RDS-Persia-28*.

¹⁸ Dearing to Wellman, 2 March 1922, *RDS-Persia-28*; Dearing to Harvey, 3 March 1922, *RDS-Persia-28*.

¹⁹ Dearing to Hughes, 22 December 1921, *RDS-Persia-28*.

²⁰ Translation, “To the British and American Governments,” 12 February 1922, *RDS-Persia-28*.

²¹ Alai to the Secretary of State, 21 February 1924, *FRUS-1924-2*, 541.

²² Dearing and Millspaugh, handwritten notes, n.d. (14 March 1922), *RDS-Persia-28*.

²³ Handwritten note, Requa to Hoover, 26 May 1921, *HHSC-14*; Roosevelt to the Minister for Persia, n.d. (July 1921), *RDS-Persia-28*; Harvey to Hughes, 23 August 1921, *RDS-Persia-28*; Dearing to Sinclair Oil, 2 September 1921, *RDS-Persia-28*.

²⁴ Memorandum to Dearing and Fletcher, 19 December 1921, *RDS-Persia-28*.

lead the ill-fated US financial mission to Tehran, Millspaugh told the Persian minister in Washington that it “would be very desirable to take a sympathetic attitude” toward Anglo-American “cooperation . . . on the basis of the Khoshtaria concessions.”²⁵ Dulles dissuaded Sinclair as soon as he arrived at the Near East desk the same year, drafting a letter to company executives that responded to their contention that a “purely American company” (echoing the Majlis) should have government support. In the face of “complicated legal questions,” he coldly responded, the State Department would maintain “the principle of impartiality.”²⁶

Impartiality, Dulles knew, worked in Jersey Standard’s favor. When the Sinclair executives reminded him that Millspaugh had once challenged the Khoshtaria concession, in effect saying that the question was not legally complicated, Dulles claimed that the US government had “not passed on the validity of this Concession.” This was not, strictly speaking, true. Dulles himself had requested another Solicitor’s Office review the same week. They sent an updated assessment of the original Millspaugh dossier. The department lawyers reiterated their doubts about Khoshtaria and Anglo-Persian’s purchase, which now extended to the Perso-American deal. The “rights” claimed by the companies clearly failed the constitutional test of the “fundamental laws of 1906.” They added that British and Russian oil prospectors likely used “illegal means” like bribery and threats of invasion to gain their concessions. But the department lawyers also offered a few sentences in favor of Jersey Standard. Here they placed the burden of evidence on the Majlis and their claim to economic sovereignty. “In the *absence* of the proof offered,” they wrote in one section (ironically dismissing Millspaugh’s original research as a scant paper trail), they could “hardly accept that the right or rights . . . are *entirely* invalid.”²⁷

A double (or triple?) negative—legalese indeed! The lawyers admitted that this reasoning paled in comparison with the bulk of the evidence. “From the information available, it would appear that these concessions were invalid when granted and are invalid now,” the Solicitor’s Office concluded. Dulles did not share the report with Sinclair executives, in contrast to Millspaugh’s earlier openness with John Bassett Moore. When requesting the report on the Jersey Standard deal, he had written plainly that he hoped for “an opinion favorable to its validity.” If so, the US government would “not be able to support the Sinclair Company, and they would be left high and dry.” He explained why this was the preferred outcome. A Sinclair concession would put the State Department “in the difficult position” of a “diplomatic conflict with Great Britain, supported both by Anglo-Persian and Standard Oil interests.” This would not do. Dulles appreciated abstract arguments for “a policy of neutrality” in commercial diplomacy, but true impartiality was impossible. “Other questions of policy and expediency are involved in the present situation,” he said. In particular, it would be “useless and unfortunate” to fight with the British over northern Iran if that had “an unfortunate influence on pending negotiations in Mesopotamia.”²⁸

Dulles and Undersecretary of State William Phillips lobbied against Sinclair with Secretary of State Charles Evan Hughes. “At the present moment the Sinclair is winning out in the struggle,” Phillips said. That could cause “most serious embarrassment.”²⁹ Dulles agreed. “I am most apprehensive of the situation which would be created if the Sinclair Company receives the concession,” he told Hughes. He even claimed that Moore, the distinguished lawyer, also had concluded that there was a “reasonable case” for the validity of the concession, “as concessions go in a country such as Persia, where constitutional machinery is most primitive.”³⁰

²⁵ Millspaugh to Dearing, 3 January 1922, *RDS-Persia-28*; Millspaugh to Dearing and Fletcher, 24 February 1922, *RDS-Persia-28*; Handwritten note on Millspaugh to Dearing and Fletcher, 24 February 1922, *RDS-Persia-28*.

²⁶ Harrison to Sinclair Oil, 31 August 1922, *RDS-Persia-29*.

²⁷ Office of the Solicitor, “The Khoshtaria Concessions in Persia,” 25 August 1922, *RDS-Persia-29* (emphasis added).

²⁸ Dulles to Phillips and Harrison, 14 August 1922, *RDS-Persia-29*. For a different interpretation, see Hogan’s “Informal Entente.”

²⁹ Phillips to Hughes, 18 August 1922, *RDS-Persia-29*.

³⁰ Dulles to Hughes, 18 August 1922, *RDS-Persia-29*. It is hard to overstate Moore’s influence in legal circles. It is even possible that his textbook, *Digest of International Law*, sat on the same shelf as Dulles’s grandfather’s popular

Dulles and Phillips knew that Moore actually shared the longstanding doubts about the validity of the Khoshtaria concession. Nonetheless, Phillips told the secretary of state that Moore had found that “there was a possibility that this concession was, in fact, legal.” In one of those fascinating moments in which historians can see a person try to turn ambiguity into something less ambiguous, he then marked out the word “legal” and replaced it with the word “binding.”³¹

British Chestnuts

Millspaugh was in Iran as the nation’s financial adviser by then. Sinclair executives and Iranian officials immediately complained that he was using his position to advocate for Jersey Standard. When US minister Joseph Kornfeld echoed that concern, Dulles told him to cool it. He ordered Kornfeld to inform Sinclair’s Ralph Soper that Millspaugh had “severed his connection with the Department of State and was now acting in a personal capacity.”³²

This was another mistruth. Millspaugh communicated regularly, especially after the Majlis began in June 1923 to draft the Sinclair concession offer with which this article began. When Millspaugh intervened, Kornfeld complained that his actions could result in “the exclusion of America from northern oil.”³³ He told Dulles that Millspaugh’s meddling in the Majlis “created a most unfavorable impression.”³⁴ The animosity was mutual. In a note to Dulles, Millspaugh accused Kornfeld of blindly supporting the possibility “that Persia might declare its independence as regards economic matters.” Millspaugh won that battle of Americans in what he called “a hotbed of intrigue.” Dulles told Secretary of State Hughes that Kornfeld’s “meager reports” had led the Division of Near Eastern Affairs to conclude that the minister had “unfortunately come under the influence of the rabid anti-British element among the Persians.”³⁵

Hughes recalled Kornfeld. Meanwhile, in Washington, frustrated Sinclair executives threatened to take their case public. The company already had reported to the Federal Trade Commission that an “active opposition from a combination of interests” prevented them from closing the proposed deal.³⁶ Christian Herter, then Herbert Hoover’s aide at the Commerce Department and later a close collaborator of Allen and John Foster Dulles in the 1950s, warned that Sinclair might leak its objections to the press. For them, “the Department discriminated in favor of the Standard” even though that company was “trying to pull the British chestnuts out of the fire in Persia.” Dulles defended his policy at an informal dinner with Sinclair executives at Herter’s home. When Arthur Veatch accused Millspaugh of supporting “the British Monopoly in Persia,” Dulles lied again when he said that Millspaugh had “ceased all connection with the Department.”³⁷

Dulles knew by then from Jersey Standard lawyers that the company would “defend their share of the Khoshtaria claim.”³⁸ Then a scandal in Washington offered up a golden opportunity. As evidence mounted that Harry Sinclair had bribed Secretary of the Interior Albert

manual, *Practice of Diplomacy*. See: Allen Welsh Dulles, “Power of the President over Foreign Affairs,” *Michigan Law Review* 14, no. 6 (1915–1916): 470, 472, 475–78.

³¹ Phillips to Hughes, 18 August 1922, *RDS-Persia-29*.

³² Department of State to AmLegation Teheran, 30 March 1923, *RDS-Persia-29*; Secretary of State to Kornfeld, 8 November 1923, *FRUS-1923-2*, 718.

³³ Kornfeld to Hughes, 27 October 1922, *RDS-Persia-29*; Kornfeld to Millspaugh, 13 June 1923, *RDS-Persia-29*.

³⁴ Kornfeld to Hughes, 26 May 1923, *RDS-Persia-29*.

³⁵ Allen Dulles, undated handwritten note (10 July 1923), *RDS-Persia-29*.

³⁶ Veatch to Federal Trade Commission, 3 November 1922, *RDS-Persia-29*.

³⁷ Dulles to Hughes, 5 November 1923, *RDS-Persia-29*. Interesting aside: Dulles’s earliest historical memory on record is as a British critic. “England ought to be content if she owned the mines where gold is, but no, she wants to have the land to [sic],” he wrote of the Boer War in 1902 at the age of eight. “She is all the time picking into little countries.” See Allen Welsh Dulles, *The Boer War: A History* (3rd edition, for private circulation, Washington, DC, 1902), 3, 21.

³⁸ Dulles, “Memorandum of Conversation,” 24 January 1924, *RDS-Persia-29*.

Fall for a no-bid oil lease on naval petroleum reserves in the American West, the oilman absconded to London. His arrival there increased British interest in the US Senate investigations. “The hope appears to be entertained here that complications at home may decide the Sinclair interests to abandon their plans in North Persia,” one diplomat wrote.³⁹ Rumors swirled that Sinclair’s man in Tehran, Ralph Soper, also had resorted to bribery. Soper and US Consul Bernard Gotlieb hotly denied the charges. But bribery did not seem impossible, especially after celebrity testimony by Archie Roosevelt in Washington unleashed a flood of revelations in what the press now called the Teapot Dome scandal.⁴⁰ The *Washington Herald*, recently acquired by the sensationalist Hearst newspaper chain, claimed that Soper had paid Iranian officials \$100,000 in bribes.⁴¹

When Gotlieb requested that Dulles officially refute the charges, he refused.⁴² Gotlieb was furious. In addition to the bribery libel, he told Dulles, British diplomats and Anglo-Persian executives undermined Sinclair by “creating, through press propaganda, an atmosphere unfavorable to the floating of the loan.” The Reuters wire service—the information arm of the British Empire—was giving “a disproportionate amount of space” to the most salacious details of Teapot Dome.⁴³ Even the new US vice-consul, who Dulles sent to Tehran to replace Gotlieb, called on the State Department to give more “active support” to defending Sinclair from “British intrigue.”⁴⁴

That man, Robert Imbrie, would be dead within the month. The circumstances surrounding his killing are still murky, but many of the consequences were clear.⁴⁵ When it came to the Sinclair concession and other US economic possibilities, “a more fatal blow could hardly have been struck,” the diplomat Wallace Murray wrote. But Murray also knew that Imbrie’s death added to Sinclair’s already sizable problems, especially their lack of support from Washington. It was remarkable to him that the State Department continued to back Jersey Standard. Anyone with even “the most casual knowledge of the state of Persian sentiment (right or wrong)” knew that after its alliance with Anglo-Persian “the Standard Oil Company could have obtained the concession by no means short of a miracle.”⁴⁶

Conclusion: General World Welfare vs. Merely National Terms

Initially, many Iranians discounted the potential effect of Teapot Dome on the Majlis concessionary offer. There was no way such a “small oil field could injure the prestige of a big company like Sinclair,” one newspaper editor proclaimed.⁴⁷ It was hard to be so confident after Soper and his wife, who had befriended Imbrie and his wife, left the country. In October 1924, an Iranian cartoonist depicted a black-winged, half-naked woman named “Dear Persia” being jilted by Soper (Fig. 1). “I did not succeed,” the oilman declares over his shoulder as he scurries out of the picture. The pithy line was from a telegram Soper sent from New York to Tehran, leaked to the local press, stating that he could not secure the \$10 million loan necessary for the concession. In the cartoon’s background, Uncle Sam takes a seat at a round table, where he joins European imperialist caricatures labeled “the international companies.” The woman dominates the cartoon’s foreground, her gaze directly on the reader.⁴⁸

³⁹ Devault, “Effect of American Oil Scandal,” 2 February 1924, *RDS-Persia*-29.

⁴⁰ “Archie Roosevelt’s Story,” “G. D. Wahlberg’s Story,” and Editorial Cartoon, all in *National Petroleum News*, 30 January 1924, 27–30.

⁴¹ Hughes to Kornfeld, 7 February 1924, *RDS-Persia*-29.

⁴² Dulles to Hughes, 13 February 1924, *RDS-Persia*-29.

⁴³ Gotlieb, “North Persian Oil Concession and Railroad Project,” 26 February 1923, *RDS-Persia*-29.

⁴⁴ Imbrie, “Status of American Enterprizes [sic] in Persia,” 11 June 1924, *RDS-Persia*-29.

⁴⁵ Michael Zirinsky, “Blood, Power, and Hypocrisy: The Murder of Robert Imbrie and American Relations with Pahlavi Iran, 1924,” *International Journal of Middle East Studies* 18, no. 3 (1986): 275–92.

⁴⁶ Murray to Hughes, 19 September 1924, *FRUS-1924-2*, 549.

⁴⁷ Translations, attachment to Kornfeld to Hughes, 19 April 1924, *RDS-Persia*-27.

⁴⁸ Enclosure, “Press Comment,” attachment to Murray to Hughes, 18 October 1924, *RDS-Persia*-29.

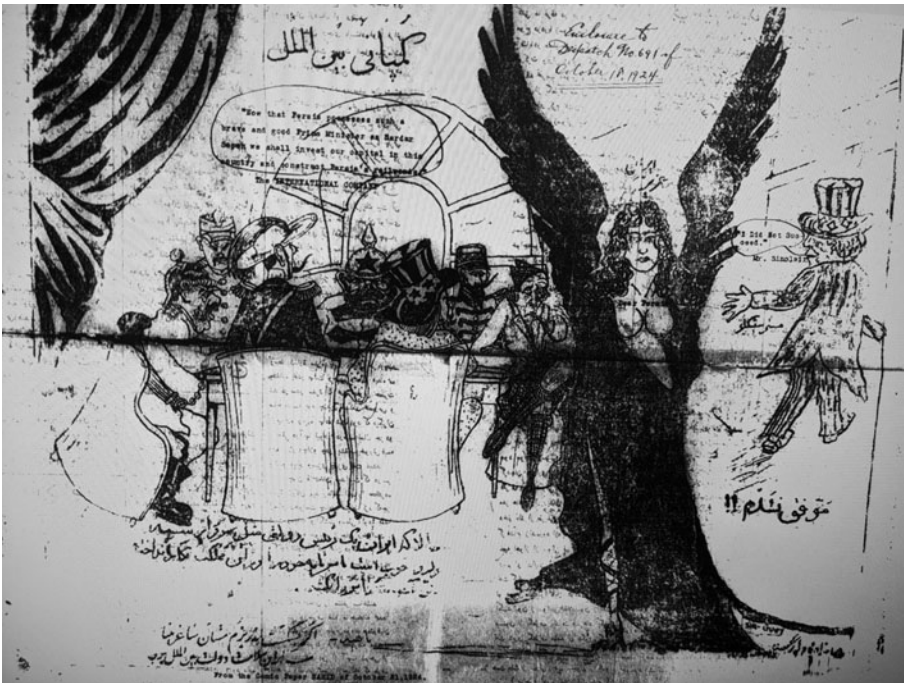


Figure 1. Editorial cartoon, 21 October 1924, enclosure to Dispatch 691, 18 October 1924, *Records of the Department of State Relating to the Internal Affairs of Persia, 1910–1929*, reel 28.

That image—both the feminine representation of Iran and the doppelgänger effect of Soper and Uncle Sam—begs for more analysis than is possible here. For now, the contrast between Mosaddeq’s complaint about the Majlis just taking tea and the dealing at the imperial roundtable is striking. By foregrounding the vulnerability of the black-winged woman, that scene captures the relative international power of empire and the weakness of nationalism. In addition to that dynamic, the cartoon also serves as the embodiment of Iranian political opinion and even as a prelude to future suspicion. Local newspapers were filled with “filthy blackmail shots” against the United States and Sinclair, Murray wrote. He believed they were subsidized by the Anglo-Persian Oil Company. For him, regardless of the source, headlines such as “there is no use in placing any hope in other American capitalists” were all too common, and the irony of Anglo-Persian using nationalist sentiment against a US corporation was perturbing.⁴⁹

The cartoon is even more interesting if we ask what awaited Soper beyond the frame. What did he find in the United States when he left Tehran, nearly two years after first arriving there? From New York, he lamented that just days on Wall Street left him with no hope that any US bank would buck the British Empire and keep a loan strictly American.⁵⁰ But dependence on the British for financial approval, Teapot Dome, and even the Imbrie murder were not even the primary obstacles for him. When Soper finally met Allen Dulles in Washington in October 1924, he had strong words for the young diplomat. “All [we] wanted was a fair chance,” he said. But that had been impossible given the “very strong bias in favor of Standard Oil.”⁵¹

That bitter charge is part of different, longer stories: stories of how powerful industrialists transformed foreign affairs, of how nations and their diplomats responded to the rise of

⁴⁹ Murray to Hughes, 16 December 1924, *RDS-Persia-29*.

⁵⁰ Soper to Murray, 24 October 1924, *RDS-Persia-29*.

⁵¹ Allen Dulles, Memorandum of Conversation, 7 October 1924, *RDS-Persia-27*.

industrial power, and of others. Those, like the one recounted here, involve the twists and turns of imperial power, corporate influence, personal disagreement, the gathering and withholding of information, and even violent crimes like kidnapping and murder. All those specific moments can help explain why certain ideas became influential and long-lasting when they did.

For now, the actions of policymakers like Dulles and Millspaugh are important in our understanding of that cumulative impact. In the 1920s, they and others began to see Iran and the region not through the lenses of imperial competition or predatory concessionary claims like *Khoshtaria*. Rather, they perceived a threat in the economic sovereignty of producing nations, which, in this case, the “purely American company” of Sinclair Oil reinforced. Millspaugh got to the root of the matter a few years later, in 1932, when Iran threatened to cancel Anglo-Persian’s concession in the south. It was understandable that the nation regarded its oil “jealously” and thought of natural resources “in merely national terms,” he told the readers of *Foreign Affairs*. But even if “certain objections” existed regarding outdated concessions, such drastic actions were premature.⁵²

Many people disliked Millspaugh; Gotlieb once even fantasized about him receiving a severe beating at the hands of Reza Khan. But here Millspaugh represented a growing consensus. It was not just that canceling the concession threatened the “prior rights” of foreign investment, a term US and British lawyers had deployed against Mexico, Iran, and other “poor and weak nations,” a cognitive link between Dulles’s argument about “primitive constitutional machinery” and long-running discussions about the “sanctity of contracts” in “civilized” international law. His antinationalism also grew from what he considered the most significant structural change in his lifetime: World War I. The war had revealed the strategic significance of oil, and now everyday modern life made its commercial value obvious. Oil was a commodity like no other, and this was as true for Iran as much as it was for any other nation. “She cannot escape the resulting responsibility,” Millspaugh said. That responsibility made Iranian nationalism errant: any decisions regarding oil had “to be given consideration in the light of general world welfare,” not based on national interest. The onset of the Great Depression made responsibility in what Millspaugh described as the international oil system even more important. That system “introduced a semblance of order and justified a measure of hope” in a world threatened by deprivation.⁵³

In reality, that system had grown in fits and starts from concrete decisions surrounding particular circumstances, including the moments discussed above. Yet those decisions also formed part of a new impetus for a way of looking at the world that had become so influential by the early 1930s that Millspaugh and later actors, including a much older Allen Dulles in the 1950s, could assume it as a natural course of events. What he referred to as the “general world welfare” was not inevitable, in other words, but it seemed to become inevitable very quickly.

Tracking the development of a sense of inevitability may be a key step in understanding how and why multifaceted phenomena become powerful and, for many, straightforward historical forces. Cartoons, newspaper reports, Majlis speeches, and State Department correspondence from the 1920s capture both that process and its potential results for Iranian nationalists like Mosaddeq. “Standard versus Sinclair has reached the 26th round, but the referee has not yet stopped a very interesting fight,” one observer told the US consul. “From the point of view of any Persian interests, the whole thing has become a roaring farce.”⁵⁴

⁵² Arthur C. Millspaugh, “The Persian-British Oil Dispute,” *Foreign Affairs* 11 (1932): 522–23.

⁵³ *Ibid.*, 523.

⁵⁴ Engert to Dulles, 21 November 1922, *RDS-Persia-29*.