Oil war in the Persian Gulf region in 50-ies – 60-ies of the XXth century

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Zinaida SVYASCHENKO
PhD hab. (History), Associate Professor of World History and Methods of Teaching, Pavlo Tychyna Uman State Pedagogical University, 28 Sadova Street, Uman, postal code 20300, Ukraine (szv09@meta.ua)

ORCID: http://orcid.org/0000-0001-5845-3115

Olena SKRIPNIK
PhD (History), Associate Professor of World History and Methods of Teaching, Pavlo Tychyna Uman State Pedagogical University, 28 Sadova Street, Uman, postal code 20300, Ukraine (olena-skripnik@meta.ua)

ORCID: http://orcid.org/0000-0003-1904-3468

Summary. The purpose of the research is to study the policies of Great Britain, the United States and the USSR in the Persian Gulf region in the 1950-ies and 1960-ies in the context of the struggle for oil power. The methodology of the research is based on the principles of systematicity, authenticity, historicism, logics. General scientific (analysis, synthesis, generalization) and special-historical (historical-typological, historical-system) methods have been used. The events are considered according to their interrelation and in the totality of the revealed historical facts. The scientific novelty of the research is based on the fact that for the first time in the modern national historiography, based on the specific actual material, the policy features of the great countries in the Persian Gulf in the 50-ies and 60-ies of the XXth century have been analyzed. It has been proved that the present time oil industry had been establishing during 1950-ies and 1960-ies of the XXth century. Conclusions. In the 50-ies and 60-ies of the XXth century the oil industry underwent the profound changes: the energy ambitions growth of the major Western oil companies, such as Standard Oil Company (New Jersey), Standard


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Oil of California, Texas Oil Company, Mobil Oil, Gulf Oil, British Petroleum, the Royal Dutch-SHELL Group, and the political and economic independence movement expanding in the oil-exporting countries (Iran, the Persian Gulf countries) led to a deepening of the crisis between the two sides. At the same time, the political struggle between the superpowers, which broke out with renewed vigor after the end of the Second World War, was used, including the energy control levers by means of a direct or indirect pressure on the oil-producing countries. During this period, the old oil production system and the oil exports, laid in the colonial era, collapsed, the agreements between the exporting countries and the extractive oil companies become more transparent, the pricing is carried out under conditions of the equal competitive relations within the framework of a market economy.

**Key words:** oil industry, world politics, Persian Gulf, oil mining companies, oil policy.

**The problem statement.** The history of the world oil industry is about 150 years old. Over the years, the oil factor has become the most influential factor in a human society development and its role will be only further strengthened.

The American renowned researcher Daniel Yergin in his work «The Prize: The Epic Quest for Oil, Money, and Power» argues that oil as a commodity is directly related to the national strategy and the world politics and power. The consequences of the First World War confirmed the importance of oil as an element of the national power during the internal combustion engines era and oil became the basis for the development of the events and consequences of the Second World War (Yergin, 1991, p. 35). Therefore, as the researchers put an emphasis, the struggle of the great powers for energy, including oil, has become a distinctive feature of the history of the XXth century and will be fateful for many countries in the first half of the XXIst century. At the same time, the struggle for oil and gas reserves in the Gulf region, with the active participants among which are the United States, Great Britain and Russia, has not
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yet ended. Consequently, the problems of the international relations related to the struggle for energy sources are becoming bigger and their sources are almost not studied (Laskavyi, 2007, p. 1). That is why the study of the abovementioned topic is relevant.

The analysis of recent researches. The history impartially and objectively testifies to the fact that over the past century and a half the importance of oil, its influence on everyone has steadily increased and continues to grow a year after a year, as well as the number of publications about the international struggle for this strategic raw material. Among the national authors dealing with oil and gas international relations, we should mention O. Volovych (Volovych, 2016), O. Koppel (Koppel, 1998), V. Shved (Shved, 2006) and one of the co-authors of this publication (Svyaschenko, 2017; Svyashchenko, 2018). As for the works of the Russian scholars, some of them deserve attention, in particular, A. Bereznoy (Bereznoy, 1985), L. Martynova (Martynova, 2010), L. Medvedko (Medvedko, 1980), E. Primakov (Primakov, 1983), and the others. It is worth mentioning the foreign researchers works such as L. Elwell-Sutton (Elwell-Sutton, 1958), S. Richman (Richman, 1985), D. Yergin (Yergin, 1991), S. Telhami (Telhami, 2002), E. Laurent (Laurent, 2007), R. Owen (Owen, 2008), and the others.

The purpose of the article. The authors aim at investigating the policies of Great Britain, the United States and the USSR in the Persian Gulf region in the 50-ies and the 60-ies of the XXth century in the context of the struggle for oil power.

Statement of the basic material. Until 1950, the United States remained the only country in the world where the oil industry was well developed. At the same time, the demand for oil increased each year, and by 1970 it was already 57 million barrels a day compared to 11 million in 1950 (Martynova, 2010, p. 232). The world economy was developing by leaps and bounds, the European countries gradually emerged from the ensuing economic and political crisis, and the seventh largest western oil companies (the so-called seven sisters) continued to rule in the oil industry, acting as the only cartel, concessionaire and consortium. These included: Standard Oil Company (New Jersey), Standard Oil of California, Texas Oil Company, Mobil Oil, Gulf Oil – American corporations; British Petroleum – British Concern and Royal Dutch-Shell Group – British-Dutch Enterprise (Turchyn, 2016, p. 56).

Until the middle of the XXth century Britain had about 1/3 of all oil production in the Persian Gulf, it extracted about 60% of the crude oil volume it needed, of course, that the country thus protected its economy from the excessive outflow of foreign currency abroad (Primakov, 1983, p. 38).

Nevertheless, the political and economic situation in the region began to worsen, the paramount reason for this was that the profits from oil extraction were distributed mainly in favour of the above-mentioned Western companies, as a result, the political elite representatives of the oil-producing countries were dissatisfied with the situation

Iran became the pioneer considering the entire package of the economic agreements. In 1951, the Iranian oil crisis broke out, which led to the oil reserves nationalization and the nationalization of the entire oil industry of the country by the Prime Minister Mohammed Mossaddic. He transferred the oil resources management to the specially created for this duties Iranian oil company, as well as sacked all the British officials who worked in Iran. London accused Iran of exporting the «stolen» oil, refused to buy it and threatened to sue those companies that continued to cooperate with the Iranian government. Unsatisfied with these measures, the British navy detained tankers with nationalized oil, and the cruiser «Mauritius» entered the Persian Gulf and became anchored in the territorial waters of Iran opposite to Abadan (Medvedko, 1980, p. 45).
In the long run, in 1953, a coup d’etat took place in Tehran, during which the M. Mosaddik’s government was overthrown. Nevertheless, the M. Mosaddik’s revolutionary activity for the oil industry in the Middle East and subsequent events have led to significant changes in the British regional policy.

By setting the new rules for its policies in the Middle East, the British companies owners realized that the failure connected with the Iranian oil nationalization in 1951 was embedded in the context of the regional competition, since by increasing the oil production in other Arab countries, the Western superpowers were able to avoid the oil famine and related to this energy crisis (Elvell-Satton, 1958, p. 124).

The development of the Arab-Israeli War in 1967 could be the another example of the artificial competition effectiveness. During the war, the Arab countries boycotted the West using the oil levers. The British troops could not prevent the above-mentioned situation. However, the energy resources shortage was eliminated by increasing Iran’s oil supplies. At the same time, the British decided to focus on the theoretical development and came into the so-called ‘embedded’ conflicts – the policy principle of «the tension balance and the contradictory requirements» (Loran, 2007, p. 106).

Iran emerged from the crisis in the complete socio-economic disorientation state. The failure of the attempts to reorganize the oil industry, initiated by M. Mosaddikh, is explained by the researchers as follows. The oil production, produced in the Persian Gulf, is known to be almost 100% controlled by foreign companies. The property itself was an important factor in oil resources control. The decisive factor determining the effectiveness of achieving surplus volume was, above all, the property organization way. Finally, the oil industry in the Persian Gulf was in common ownership and had different geography. Each oil tycoon individual was to some extent in partnership with the other oil tycoons, each of them having at least two sources of supply in not less than two countries in the Gulf region (Martynova, 2010, p. 234). The Western companies, in order to avoid the dependence on a limited number of the supply sources, were guided not only by the economic interests but also by the security considerations. This was due to the geographical supply sources variety. Different geography, along with the surplus achieved with the increasing oil production, gave companies the opportunity, regardless of the producer countries wishes to decide where and in what amount to extract the oil volumes they need. As a result, it was possible, on condition of dissatisfaction with one producer country, to increase the oil volume supplies at the expense of any other of its neighbors and thereby force the rejection of an over-zealous ruler from their demands immediately.

As far as we are concerned, the oil fields development and exploitation in Iran was actually under the full control of the seven major oil companies. Iran has made the considerable efforts to create a favourable basis for the entry into the oil industry of the independent companies. But, despite this, the oil production here by 90% was carried out by the consortium’s efforts. In 1970, the oil extraction volume conducted by the Consortium was 3.5 million b / d against the average volume of 3.8 million b / d of the final production in the same year. Accordingly, the government revenues from the payments made by the Consortium, which accounted for most of the foreign currency received by Iran. In 1968, the Consortium paid £ 338 million, while the total payments of all independent companies for the same year were only £ 17 million (Bereznoy, 1985, p. 53).

The similar situation was observed in Iraq. All oil operations in the country were virtually and completely controlled by the Iraq Petroleum Company concern and its subsidiaries – Basra Petroleum Company and Mosul Petroleum Company (Gerasimov, 1969, p. 144). The
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Oil extraction volume in 1970 was estimated at 75 million tons. The government’s net income during 1969 – 1970 was £ 408 million, the half of the sum, £ 200 million, consisted of the axes paid by the oil companies (Martynova, 2010, p. 235).

The Kuwait’s oil development and extraction reserves was entirely carried out by Kuwait Petroleum Company, a subsidiary of Gulf Oil Corporation and British Petroleum. The concern Kuwait Petroleum Company has produced 87% of its oil, which in 1969 reached a total of 139 million barrels. In 1970 the government’s revenues was £ 335 million, among of which £ 326.9 million, or 93%, were ther revenues from the oil industry (Medvedko, 1980, p. 96).

In Saudi Arabia the American Corporation Arabian American Oil Company (Aramco) was controlled by four leading oil companies. In 1967 among the 1,024 million barrels of produced oil, Aramco accounted for 948 million barrels, or 93% of all oil extracted in Saudi Arabia. Similarly, in 1969, Aramco Corporation paid the Saudi Arabia government $ 895 million compared to $ 52 million received by the government in the form of taxes on the development and the oil extraction from the other oil companies in aggregate. According to the researcher Vasylyev, the country’s revenues from oil operations in the 1970/71 budget year reached 87% at the same time (Vasilev, 1999, p. 196). A number of other Gulf countries – the oil producers, in fact, had no other source of income, and therefore they were completely under control of the «seven sisters» (Bereznoy, 1985, p. 83).

Iran’s hopes related to the oil industry nationalization have fully justified themselves. At the same time, the Western oil companies did not receive the crude oil at 650,000 b / d, which was offset by the increased oil production in Iraq, Kuwait and Saudi Arabia. During the years 1950 – 1953, the oil production in Iraq increased from 136,200 b / d to 576,000; in Kuwait – from 345,000 b / d to 861,700; and Saudi Arabia – from 546,700 b / d to 844,000 (Martynova, 2010, p. 235).

The oil boycott effects of the Arab countries on some Western powers, caused by the results of the Arab-Israeli War of 1967, when Iran has increased the volume of production and export of its oil unexpectedly, has been mitigated. Due to this, the Western Consortium has neutralized the oil famine caused by the introduction of the Arab oil embargo. In 1967, the Iranian oil production and export increased dramatically at 20%. In 1966 the Iranian oil extraction by the Consortium increased from 98.8 million tons to 120.9 million tons in 1967 (Martynova, 2010, p. 235).

Due to an unprecedented increase in the Iranian oil extraction, the boycott of Arab countries did not have virtually any effect. By the way, owing to the rise in the oil prices in the 1970’s, Iran’s oil exports gave three-fourths of government revenue to 1975 – 1977 (Owen, 2008, p. 8).

Taking into consideration the above-mentioned events which took place under the conditions of the Cold War, one should pay attention to the policy of the two superpowers in the Persian Gulf region – the USSR and the United States.

In 1948 the White House leadership was concerned that the Soviet Union could establish its control over the oil supply from the Middle East. It was not accidental, given the Soviet presence in Iran after the end of the Second World War. G. Truman’s, the United States President Administration repeatedly expressed concern about the possible Soviet troops’ oil fields seizure. According to S. Telehami, it was strange that G. Truman’s administration built their strategy not so much on the oil fields protection in the conditions of possible Soviet Union invasion, but they were more focused on the USSR oil fields prevention use (Telhami, 2002).
The Administration developed a detailed plan quite quickly, signed by President Truman in 1949 as NSC 26/2 and later on were supplemented by a number of additional NSC directives. The plan, developed in agreement with the British and the American governments along with the British oil companies, without the knowledge of the governments of the region, has called for the explosives transfer to the Middle East, where they will be stored for further use. In case of the Soviet invasion, and in the extreme case, the oil installations and refineries were supposed to be undermined, and the oil deposits were blocked in order to avoid using the USSR’s oil resources (Telhami, 2002). The plan was implemented and the explosives were moved to the region. Although the State Department has obviously expressed reservations that the plan may eventually signal that the United States is not ready to defend the local authorities, but the state of being under the Soviet control outweighed such fears. In 1957, the anxieties intensified further, which led D. Eisenhower’s administration to intensify the plan, as fears of regional instability increased after the Suez crisis. The evidence suggests that this plan was maintained at least until the early 1960ies (Telhami, 2002). But the above-mentioned plan was not put into effect, as at that time the USSR changed the format of relations with the countries of the region.

While the US interests in the Gulf region were outlined during the Second World War, the immediate impact on the affairs of this region began to be started only in 1971 (Bradley, 1982, p. 11). By the way, the researchers note that in 1977 the United States received an average of 28% of its oil imports from the Gulf (Richman, 1985). By this time, responsibility for the security in the region lay in the UK, whose military contingent was present here since the end of the XIXth century. However, on January 18, 1968, British Prime Minister G. Wilson announced in the House of Commons the troops provision from the Persian Gulf until the end of 1971 (Pavliuk, 2016, p. 64).

Taking into consideration the extent of the US economic participation in the region, the Indian Ocean’s trade flows vivacity, the origin and the importance of the goods transported from the region, and its direct impact on the payments balance, the Western countries prosperity and security, many politicians were taken aback unpleasantly with the made decision to withdraw the Western troops from the Persian Gulf region and the Indian Ocean as a whole. As a result, a vacuum of forces was formed in the region along with the troops withdrawal, the Soviet Union was ready to take advantage of this situation.

According to the versatile estimates, the Indian Ocean was patrolled by 15 – 30 Soviet military ships, including the rocket carriers, the aircraft carriers and the submarines. The USSR made an agreement with Mauritius concerning the right to build on its island the military air base and the port for mooring trawlers beforehand. The similar attempts were made to obtain Ceylon’s written consent for the construction of the port in Trincomale and at the same time some negotiations were held with the Indian government on mutual support in the event of hostilities (Nezhinskiy, 1995, p. 221). Despite the Soviet’s Union tangible successes in the Western countries great economic interests region, and especially the United States. The USA did not take any measures to increase their military presence in the Middle East. The issue of spheres influence distribution was in the limelight: at what level should the economic and the political activities of the rivals be differentiated, since, despite the established balance of power, the country tends to expand this sphere, as a rule, in order to ensure its security. Thus, in just 15 years, the Soviet Union was able to exert its influence on the Middle East region, which traditionally was part of the West. By the mid-1960-ies, the Soviet influence was firmly established in Egypt, Syria, Iraq, and South
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Yemen. The USSR provided the economic assistance to Iran, Iraq, Libya, Algeria, directly or indirectly reducing the dependence of the oil industry of these countries on Western companies (Martynova, 2010, p. 236).

Three different directions could be distinguished during this period in the field of the USSR’s oil policy. First of all, the USSR took over the oil producing countries control or, alternatively, the opened up the new opportunities for the Arab countries by helping them to eliminate the Western control by the «sabotage» policy implementation. Second of all, the USSR was in struggle with the American and the British companies in order to predominate in the Western Europe’s energy market, thus the USSR was ensuring the foreign exchange incomes, hence, weakening the American influence in Europe. Third of all, the USSR strengthened the influence in the Eastern Europe through the energy supplies control in their territory. Finally, the Soviet expansion policy strengthening and the ability to have an influence on the political situation in the region were also key factors.

The Soviet Union put more effort into achieving the long-term cooperation with the oil-producing countries in the Persian Gulf. The USSR began an active construction of the oil and gas pipelines, the oil fields development and the crude oil transportation and its products to the eastern and western energy markets. Eventually, the reached success, first of all in the economic sphere, gave the Soviet government the expected management levers of the political situation in the Middle East.

In January 1966, Iran and the Soviet Union made an agreement, according to which, Iran granted the USSR the right to extract natural gas from its territory for 15 years from 1970, based on the permissible annual norm of 10 billion cubic meters. The terms of the deal also included the construction of a 750-mile long pipeline in order to pump gas from the Persian Gulf to the city of Astara, located on the Caspian-Soviet-Iranian border. The formation of the Soviet-Iranian gas company Iranian Gas Trunkline (IGAT) was finished by 1970 and the massive natural gas production began. The second agreement was signed by the USSR and Iran governments in October 1970 for 15 years. The agreement was intended to help increase the gas production on the territory of Iran, provided for the second gas pipeline construction and the steel mill expansion in Isfahan. It was also announced that the USSR provides Iran with a $ 44 million loan in order to encourage the Soviet means of production import (Gorbatov & Cherkasskiy, 1973, p. 287; Martynova, 2010, p. 237).

The Soviet expansion in the Persian Gulf was limited exclusively to Iran. At the same time, the USSR made an agreement with Iraq, which conditions were described by the Soviet political observers as extremely beneficial, which allowed the Arab producing countries to «develop their oil policy in accordance with their national interests» (Gerasimov, 1969, p. 123). The agreement signed in December 1967, which included £ 28 million payments, contributed to the development of the Iraqi National Oil Company (INOC) oil field in northern Rumayl, further explored by the Iraq Petroleum Groups (Gerasimov, 1969, p. 123).

In October 1970, a similar treaty was signed between the USSR and Kuwait. According to the agreement, Kuwait was obliged to provide the Soviet customers with the high-quality refined petroleum in the Asian market in exchange for providing the Soviet Union with supplies of the same quality raw materials to customers from Kuwait in Europe. The treaty was regarded by the Kuwaiti authorities as «the first step towards expanding oil cooperation» (Gorbatov & Cherkasskiy, 1973, p. 326). It is clear that the signing of the above-mentioned treaties was the part of the Soviet expansion policy in the Persian Gulf.
The Soviet Union presence in the Suez Canal region was another subject of fears to the Western countries. Many western researchers and politicians of that time considered the USSR presence in the Suez Canal as a direct reflection of its oil interests (Loran, 2007, p. 249).

As far as we are concerned, the USSR was making increasing efforts in trying to win the European markets using Siberia oil at that time. But the Siberian deposits development was associated with major economic and technical difficulties.

It has become increasingly difficult for the Soviet Union to meet not only the oil ever-increasing demand in Western and Eastern Europe, but also the internal energy needs. Therefore, increasingly, the USSR encouraged the conclusion of barter agreements between the Soviet bloc states in Eastern Europe and the countries exporting oil in the Persian Gulf. In early 1968, the governments of Hungary and Czechoslovakia were taking measures to conclude barter deals with Iran in exchange for its oil. However, after the crisis in Czechoslovakia in 1968, the Soviet Union completely changed its position on this issue in order to establish more rigorous control.

Conclusions. Consequently, in the 50-ies and 60-ies of the XXth century the oil industry underwent the profound changes: the energy ambitions growth of the major Western oil companies, such as Standard Oil Company (New Jersey), Standard Oil of California, Texas Oil Company, Mobil Oil, Gulf Oil, British Petroleum, the Royal Dutch Shell Group, and the political and economic independence movement expanding in the oil-exporting countries (Iran, the Persian Gulf countries) led to a deepening of the crisis between the two sides. At the same time, the political struggle between the superpowers, which broke out with renewed vigor after the end of World War II, was used, including the energy control levers by means of a direct or indirect pressure on the oil-producing countries.

During this period, the old oil production system and the oil exports, laid in the colonial era, collapsed, the agreements between the exporting countries and the extractive oil companies become more transparent, the pricing is carried out under conditions of the equal competitive relations within the framework of a market economy.

Taking into consideration that the Ukraine’s foreign policy has the Middle East direction and is extremely promising both in political and economic terms, the proposed issue in this article needs to be further developed through the new documentary sources involvement and expanding the geography of the research.

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