

**A "Neutral Perspective"  
*Switzerland's Role in the Iranian Oil Crisis (1951-1953)*<sup>1</sup>**

Daniela Meier  
University of Bern

**Introduction**

The Anglo-Iranian Oil Crisis has been widely studied from the perspective of the main actors involved, namely Iran, Britain and the United States. Yet, the perspective of countries that had no interest in Iranian oil has received little attention. The diplomatic staff of neutral countries in Tehran observed the conflict, and the events to which it gave rise, largely as bystanders. Hence one would expect them to have viewed the situation somewhat differently from those who were directly involved. Switzerland was one such country. Therefore, its view of the situation at the time may shed new light on the great powers' struggle for Iranian oil. In particular, while the neutral image of Switzerland might have given the impression to both sides of the conflict that it would probably make a suitable intermediary for certain purposes, we shall see below that – although the Swiss were not too keen to get involved in the crisis itself – their attitude towards nationalisation of Iranian oil was far from unbiased. In this paper we shall first review the Swiss perception of the Anglo-Iranian Oil Crisis between 1951 and 1953. Secondly, we shall outline the Swiss role as a go-between on the diplomatic as well as economic levels during the oil crisis.

**The Swiss as Observers at the Cold War Theatre Iran**

During the Iranian Oil Crisis between 1951 and 1953 the slow-moving negotiations between the Iranian government and a not too flexible Anglo-Iranian Oil Company (AIOC) subsequently led to deteriorating relations between Iran and Britain.<sup>2</sup> As a result, Iran broke its diplomatic relations with Britain in October 1952; Sweden represented the Iranian

#### 24 Daniela Meier

interests in London and Switzerland, the British interests in Tehran. However, the Swiss embassy was merely in charge of the consular duties of the British, while the American embassy became the turntable in the political negotiations from Tehran via Washington to London.<sup>3</sup> Although Switzerland did not play a role in the British-Iranian negotiations and was officially neutral in this sensitive political affair, the Swiss attitude towards the oil crisis showed clearly a bias for the policy of Britain and the United States. Especially the Swiss chargé d'affaires in Tehran focused in his reports on great power policy in Iran and reduced the Iranian politicians to mere trump cards who were being used in the great power's game to gain control over Iran. This perception is not surprising, since his sources of information were mainly the British and American embassy. From the latter he adopted the terminology of Cold War stereotypes that turned the Prime Minister of Iran into an irresponsible demagogue, stretching his hand out for dictatorship and throwing his country into total chaos. Although the Swiss observer did not take the Soviet threat to Iran as seriously as did the American ambassador, he rather saw, in the Soviet threat to Iran, a handy tool of the Prime Minister to gain his selfish ends. However, Switzerland's attitude towards the great powers' struggle over Iran had not always been uniquely in favour of the two Western powers.<sup>4</sup>

It is remarkable that the Swiss chargé d'affaires in Tehran any insight or sympathy for Iranian policy during the Oil Crisis did not show. As he confessed in a letter to the Swiss Foreign Minister, Iranian policy reminded him of an equation with a large number of unknown variables. Apparently the equation was easier to understand when being reduced to the bi-polar antagonism of the Cold War. As a result, the Swiss observer could hardly explain the phenomenon of the 1953 coup d'état, flatly refusing to believe that the Americans and the British were involved in the coup. Instead of being «neutral», the Swiss representative identified himself with the interests of Britain and the United States. Apart from the Cold War's *zeitgeist* influencing the Swiss diplomats' pro-Western view at the beginning of the 1950s, the attitude of the Swiss representative in Tehran may also be explained by a personal bias, for he was personally related to the United Kingdom through his British wife. As a matter of fact he enjoyed his role to represent Britain's interests so much that the British faced difficulties in persuading him to move out of their

summer residency after Iran and Britain had re-established diplomatic relations.<sup>5</sup>

### **A neutral intermediary in demand**

While Switzerland was isolated during the 1940s because of its neutrality in the Second World War, she gained new acceptance by offering her good offices as a neutral intermediary with the emergence of the Cold War. When the Anglo-Iranian relations deteriorated, both Iran and Britain thought of Switzerland as an acceptable representative of their interests. But at that time, Switzerland was very careful not to get mixed up in the political aspects of the conflict. When the Foreign Office requested the Swiss Foreign Ministry to represent British interests in Iran, the Swiss authorities first hesitated but nonetheless accepted this prestigious (and paid for) task. Mosaddeq's government on the other hand, could not make a quick decision as to who could best represent Iran's interests in Britain and even suggested a national vote on the issue.

However, a few months after Switzerland had become British representative in Iran the Iranian Prime Minister approached the Swiss chargé d'affaires in Tehran explaining that he contemplated direct negotiations with Britain through the good offices of the Swiss government. This was on 22 February in 1953, only a few days after the last Anglo-American proposal for the settlement of the oil dispute was submitted to the Iranian government by the American ambassador, Loy Henderson. Mosaddeq said that he was anxious to reach an agreement with Britain. But he was dissatisfied with the course of Anglo-Iranian negotiations through the mediation of the Americans, because they seemed to him to have too great an interest in the matter themselves. The Iranian Prime Minister hoped that the oil conflict would soon find a satisfactory solution through the mediation of a go-between without any ambitions in Iran.

Surprisingly enough, the Swiss chargé d'affaires in Tehran took Mosaddeq's soundings seriously. Despite his reservations about the Iranian Prime Minister, he trusted his desire for reaching a settlement with Britain as quickly as possible. The Swiss Foreign Ministry was rather surprised at Mosaddeq's suggestion, being afraid of getting involved in the politics of the oil dispute, while at the same time, the realising the opportunity for Switzerland to play a prominent role in a major international crisis.

But, in the end, the Swiss Foreign Ministry decided not to take up the opportunity offered to them by Tehran, whereas their representative would have been happy to play a more prestigious role in the Anglo-Iranian dispute. On the contrary, Bern adopted the opinion of their ambassador in London. Apparently influenced by the British attitude towards the oil crisis, the latter interpreted Mosaddeq's search for new channels to reach a settlement as «an obvious Persian attempt to confuse the issues and to continue to discuss the same question through different channels.»<sup>6</sup> Therefore it seemed to him that the Swiss could not possibly agree to act as an intermediary. The Swiss government should reconsider Mossadeq's suggestion only if the Americans withdrew from this position. In the end the British Foreign Office was very pleased that Switzerland did not agree to Mosaddeq's approach to them.<sup>7</sup> Indeed, Mosaddeq's suggestion did not have much of a chance to be accepted by the Swiss, given that Swiss-British military co-operation was at its height between 1950 and 1956. Additionally, the Swiss possessed private property abroad as well and may have had more understanding for the British position in this conflict of nationalisation.<sup>8</sup>

Another question is whether Mosaddeq's desire to find a settlement with Britain through a new channel was genuine or whether it was a political manoeuvre in order to prolong the negotiations. From the Anglo-American point of view the Iranian Prime Minister was not likely to accept the Henderson offer and was expected to extend the negotiations. Therefore the reluctance of the Swiss authorities to place their good offices at Mosaddeq's disposal is not surprising.<sup>9</sup> On the other hand, the usually biased Swiss chargé d'affaires in Tehran perceived Mosaddeq's desire to find a settlement as genuine. For the Iranian Prime Minister also explained that he was prepared to negotiate a global compensation with AIOC that would be confirmed by the International Court of Justice in The Hague. This way he could officially submit to the arbitration of the International Court of Justice and sell the settlement with the AIOC to the Iranian people. But the British had to declare the amount of indemnity they demanded from the outset on the basis of which a settlement could be reached through the arbitration of the International Court.<sup>10</sup>

Mosaddeq made the same suggestion directly in his negotiations with Henderson, but after this was rejected, he turned down the Henderson proposal. Subsequently the Swiss chargé d'affaires returned to his biased attitude towards

Mossadeq saying that he had never really wanted to reach a settlement. Yet, it appears that the Iranian Prime Minister was in fact very eager to reach a settlement with Britain and hence was looking for a different channel of negotiation. Nevertheless it seems quite unusual that Mossadeq chose Switzerland, the representative of British interests in Iran, as the new channel for negotiations. He could have chosen plenty of other countries, which, like Switzerland, had no ambitions in Iran (and, for all we know, he might have done so). It is likely that the Iranian Prime Minister chose Switzerland, in part because it had an impeccable reputation among the educated elite in Iran, and, in part, due to his personal attachment to this country.<sup>11</sup>

It is interesting that Switzerland was not only regarded as a suitable go-between in the British-Iranian conflict on the diplomatic level, but also on the economic level. The Foreign Office was approached several times by private individuals suggesting that Britain should accept a Swiss citizen for the management of Iranian oil until the dispute was settled. For many Europeans who had contact with Iranians, the Swiss appeared to be among the most acceptable foreign managers to the Iranian government. Also, Swiss managers were believed to be trustworthy to Britain.<sup>12</sup>

The oil crisis attracted companies from all over the world to find a way to get a foothold into the oil business in Iran that had previously been the exclusive domain of the AIOC, although the former owner of the nationalised oil industry was keenly watchful to protect its exclusive interest from the encroachments of potential intruders. As soon as Iran declared her oil resources nationalised, the AIOC warned all possible customers of Iranian oil around the globe that they would be sued if they purchased oil from Iran. Furthermore, the British government was ready to use the Royal Navy to stop any tankers in the Persian Gulf carrying Iranian oil. Unimpressed by this threat of the British gunboat diplomacy, several companies tried to buy some of the nationalised oil that was being offered below the current market price. In various countries, these daring companies inquired of Swiss embassies if they could transport the oil from Iran to their country under the «neutral» Swiss flag. But Switzerland had no interest lending her neutral image for such a purpose. But in spite of their cautious attitude, the Swiss authorities could not prevent themselves from getting into the crossfire between the British and the customers of nationalised Iranian oil.

Indeed, Swiss business itself entered the scene, and an attempt of some Swiss companies to purchase Iranian oil became notorious in the world press, in summer 1952, when the Swiss owned tanker *Rose Mary* was captured by the British Navy in the Persian Gulf. Regarding the sale of Iranian oil to international buyers, Swiss companies were in the forefront, especially as it was known that Switzerland had no political ambitions in Iran. Hence this deal was trustworthy to the Nationalist government in Tehran. The British embassy in Switzerland put much pressure on the Swiss Foreign Ministry to convince the owner of the *Rose Mary* to abandon the deal. On the other hand, not only did the Swiss authorities lack the legal means to prohibit the Swiss businessmen from dealing with Iranian oil, but also they could hardly be seen to spoil Swiss foreign trade on behalf of British interests.<sup>13</sup> Generally, the Swiss authorities tried to keep out of the struggle as much as they could and adopted a most passive attitude on both sides: on the one hand, they did not seriously intervene against the Swiss companies; on the other hand, they did not provide them with any help against British diplomatic pressure.

### Conclusion

At the beginning we assumed that uninvolved countries had a different perspective on the Iranian oil crisis than the great powers involved. In the case of Switzerland, the Foreign Ministry and its representatives in Teheran largely tended towards the Anglo-American viewpoint. There are two reasons why the Swiss showed more understanding for the British position in this conflict of nationalisation: Firstly, because Switzerland possessed also private property abroad,<sup>14</sup> and secondly, because Britain supported Swiss neutrality in European security matters. However, both the Iranians and the British perceived Switzerland as having an unbiased position in the conflict, because the Swiss had no political ambitions in Iran. As a result, the Iranian Prime Minister approached Switzerland to act as a neutral go-between in the negotiations between Iran and Britain. Further, trading companies hoped to gain access to nationalised Iranian oil under the protection of the «neutral» Swiss flag. The Swiss authorities on the other hand tried to keep out of this politically sensitive crisis and therefore adopted a remarkable passivity in the conflict.

Although the Swiss view on the Iranian Oil Crisis did not differ much from that of the Anglo-American powers, the

Swiss perspective draws attention to a secondary level of the crisis and crisis management. At this secondary level, we discovered a new approach by Mosaddeq's government – i. e. its attempt to use Switzerland as an intermediary – in a desperate attempt to solve the crisis. Further examination of Iran's relations beyond the triangle of great powers (Britain, Soviet Union and United States) would probably reveal new aspects of the crisis, and enrich our knowledge of this important period in Iranian history.

### Endonotes

- <sup>1</sup> This paper is based on a chapter of the author's forthcoming doctoral thesis «*Helvetia's direct wire to the Peacock Throne (Switzerland's relations to Iran, 1946-1978)*». I am grateful to Homa Katouzian for his helpful comments on an earlier draft of this paper.
- <sup>2</sup> For the great power diplomacy concerning the nationalising of Iranian oil see Mary Ann Heiss, *Empire and Nationhood: The United States, Great Britain and Iranian Oil, 1950-1954*, New York (Columbia Univ. Press), 1997. Jürgen Martschukat, *Antiimperialismus, Öl und die "Special Relationship"*: *Die Nationalisierung der Anglo-Iranian Oil Company im Iran 1951-1954*, (North American Studies Vol. 6), Münster (Lit), 1993. For domestic politics in Iran concerning the nationalization of Iranian oil see Homa Katouzian, *Mossadeg and the Struggle for Power in Iran*, London/New York (I.B. Tauris), second, paperback, edition, 1999.
- <sup>3</sup> See dispatches in Public Record Office in Kew (PRO): FO 371/98730/34 and 35.
- <sup>4</sup> Actually, if we compare the Swiss reports regarding the Anglo-Iranian oil crisis with those reports regarding the Azerbaijan crisis in 1946 we notice a radical shift in the Swiss perception of Iran's political situation. For these reports see Swiss Federal Archive in Bern (SFA): E 2300 Teheran Vol. 4 to 7. E 27/9745 Vol. 6.
- <sup>5</sup> Sir Denis Wright, former British ambassador to Iran, in an interview with the author in Haddenham (Britain), on 22 July 1999.
- <sup>6</sup> Foreign Office, Note of Frank K. Roberts to W. Strang, London 4.03.1953. PRO: FO 371/104635/3.
- <sup>7</sup> See dispatches in PRO: FO 371/104635/1 to 4., and SFA: E 2001 (E) 1969/121 Vol. 254.
- <sup>8</sup> Britain backed up Switzerland's neutrality against American security policy in Europe, i. e. Switzerland's resistance to become a member of NATO. See Mauro Mantovani, *Schweizerische Sicherheitspolitik im Kalten Krieg (1947-1963)*, *Zwischen angelsächsischem Containment und Neutralitäts-Doktrin*, Zürich (Orell Fuessli) 2000.
- <sup>9</sup> See reports of the Swiss embassy in London, SFA: E 2300 London Vol. 47.
- <sup>10</sup> Mosaddeq took up the idea of a global compensation for the AIOC again, when the Swiss chargé d'affaires brought him the news that the British were not interested in negotiations via the Swiss government. Despite the negative answer from London, the Iranian Prime Minister wanted the Swiss to propose this idea to the British once more. But the Swiss chargé d'affaires convinced Mossadeg to submit his suggestion to the American ambassador Henderson. As a result the Iranian Prime Minister gave up his attempt to find a different way of negotiations; a few days later, he discussed his idea with Henderson. Apparently the idea was not new to

Henderson, but, in any case, the British Foreign Minister Anthony Eden had categorically refused to accept such a solution in a discussion with the American ambassador. See dispatch of the Swiss charge d'affaires in Tehran to the Swiss Foreign Minister, Tehran, 9 March 1953. SFA: E 2001 (E) 1969/121 Vol. 86.

<sup>11</sup> Mosaddeq took his doctoral degree from the University of Neuchâtel in Switzerland shortly before the First World War.

<sup>12</sup> See dispatches in PRO: FO 371/91596/1760.

<sup>13</sup> See dispatches in SFA: E 2001 (E) 1969/121 Vol. 254 and 255.

<sup>14</sup> It is important to note that in the same period Swiss private property in Eastern European countries was being confiscated by Socialist governments.