

Activity 1: How far had the events of 1950–53 shifted the balance of economic power in Iran?

In 1951, under the leadership of Prime Minister Mossadegh, Iran nationalised its oil industry and took full ownership of the oil. This took oil rights away from British companies. Britain was shocked.

In 1953, Britain and the USA removed Iran's Prime Minister Mossadegh and brought back the Shah of Iran as leader, so that they could regain access to Iran's oil.

A new agreement was made, in which:

- Britain was forced to accept that all of the oil officially belonged to Iran.
- The Anglo-Iranian Oil Company kept 40% of the rights to manage (but not own) Iranian oil. The other 60% was managed by seven different companies, including American companies.
- Iran would receive a roughly 50% share of profits from oil sales.

Activity 2: How successful were the Middle Eastern oil-producing countries at achieving their economic aims between 1950 and 1973?

- Aim 1: To take national ownership over the oil from the British and American companies
- Aim 2: To increase the price of oil
- Aim 3: To increase their countries' profits and wealth from oil production

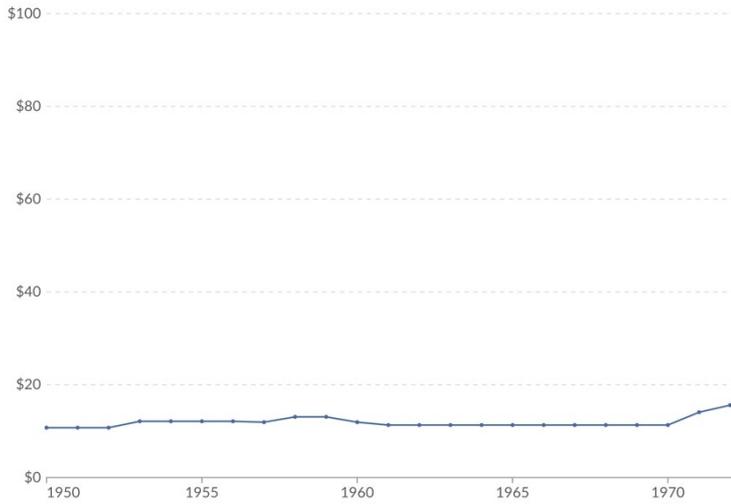
Look at Figures 1, 2 and 3. Put a tick next to the aims that you think they were achieving by 1973 and a cross next to those that you think they were not yet achieving.

Figure 1: How oil profits were shared between foreign companies and Middle Eastern countries

Country	Share of oil profits before 1950 (typical price of a barrel of oil was around \$2.50)	Share of oil profits 1950–70	Share of oil profits 1971
Iran	16.5 cents per barrel	50/50 split in profits (+ took national ownership of oil)	At least 55% share of profits
Saudi Arabia	33 cents per barrel	50/50 split in profits	At least 55% share of profits
Iraq	16.5 cents per barrel	50/50 split in profits (+ took national ownership of oil)	At least 55% share of profits
Kuwait	15–35 cents per barrel	50/50 split in profits	At least 55% share of profits

Figure 2: Oil prices 1950–72

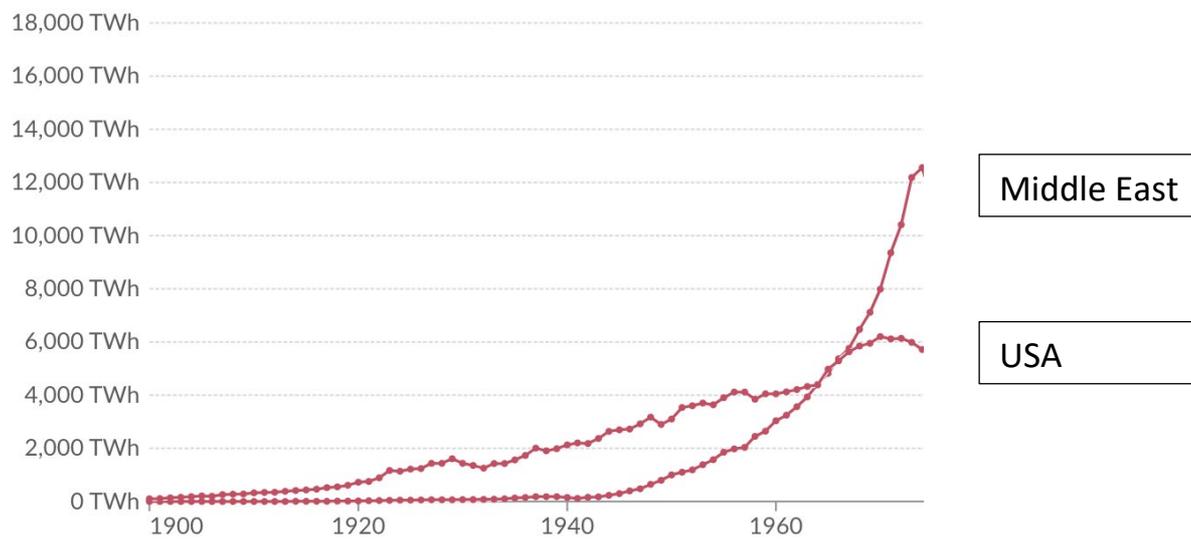
Global crude oil prices, measured in US dollars per cubic metre. Not adjusted for inflation.



Data source: Energy Institute based on S&P Global Platts - Statistical Review of World Energy (2024)
OurWorldinData.org/fossil-fuels | CC BY

Figure 3: Middle East oil production vs USA oil production

Oil production measured in terawatt-hours



Graphs: <https://ourworldindata.org/fossil-fuels>