

HISTORIC BACKGROUND



The first verses (ayat) of Al-Alaq, the 96th chapter (surah) of the Qur'an—the first revelation received by Muhammad. "Recite in the name of your Lord who created – Created man from a clinging substance. Recite and your Lord is the most Generous—Who taught by the pen—Taught man that which he knew not." [Qur'an, 96: 1-5]



Saudi Arabia political map.

■ The Saud Family and Wahhabi Islam

Date: 1992

Author: Helen Chapin Metz

Genre: Report

Summary Overview

This excerpt from a 1990s study of Saudi Arabia offers an American perspective on the alliance between the House of Saud and Wahhabism. In 1744, the Saud Family, also known as the House of Saud, made an alliance with the religious leader Muhammad ibn Abd al-Wahhab. The latter had constructed a very strict interpretation of Islam. Central to this interpretation was the elimination of false idolatry, which ibn Abd al-Wahhab saw as rampant among Muslims. Wahhabis, also known as Muwahhids (which translates to “unitarians”), often take an offensive approach to spreading their strict interpretation of Islam. In fact, shortly after the alliance of 1744, the newly formed First Saudi State began expanding across the Arabian Peninsula. This expansion came with violence and destruction, as the Saudis were keen to destroy sacred shrines and items that they interpreted as false idols in accordance with ibn Abd al-Wahhab’s teachings. The political-religious alliance between the House of Saud and ibn Abd al-Wahhab’s interpretation of Islam survived the religious leader’s life. Much of the Arabian Peninsula has been under Saudi rule off and on since 1744. The strict doctrine of Wahhabism still influences the Kingdom of Saudi Arabia’s society and culture today.

Defining Moment

The Arabian Peninsula is the birthplace of not only Islam but also Wahhabism and the House of Saud. A 1744 treaty forged an alliance between Wahhabism and the House of Saud that has proved influential to this day on the Peninsula and beyond.

Muhammad’s journey in 622 to Medina constitutes the first event of the Islamic calendar. In the decades that followed the new religion over the Arabian Peninsula and across large swath of Asia, Africa, and Europe. Shortly after Muhammad’s death, a conflict over succession led to the Shia-Sunni split, which still divides Muslims today. Cycles of living side by side peacefully and intermittent violent conflicts have defined the two groups’

long coexistence. In the eighteenth century, Muhammad ibn Abd al-Wahhab ended a period of peace between the groups living on the Arabian Peninsula.

Ibn Abd al-Wahhab was an Islamic scholar who developed a unitarian message. He advocated an orthodox “pure” Sunni Islam, with strict adherence to Sharia law. Various Shia and Sunni Muslims had incorporated the reverence of shrines and/or holy objects into their religious practices. Ibn Abd al-Wahhab considered this to be false idolatry and railed vehemently against it. He encouraged his followers to take an aggressive approach in stamping out this practice, with Shia Muslims becoming a common target. His understanding of Islam came to be called Wahhabism and his followers Wahhabis, although many of them prefer the label Muwahhid, or unitarian.

The Saud family traces its lineage back to figures in the fifteenth century; however, their political relevance rose prominently in the eighteenth century from their alliance with ibn Abd al-Wahhab. In 1744, Muhammad ibn Saud, the leader of the Saud family at the time, struck an alliance with ibn Abd al-Wahhab. The former gave the latter a political platform from which to spread his belief-system, and the latter gave the former and his family a distinct, and ultimately influential, religious message. The alliance marked the beginning of the First Saudi State, or Emirate of Diriyah, which immediately began to expand across the Arabian Peninsula. The First Saudi State fell to the Ottomans in 1818. A Second Saudi State, also known as Emirate of Najd, rose up in its wake but fell, in turn, in 1891.

The Third Saudi State, or Kingdom of Saudi Arabia, formed in the early twentieth century. Abdulaziz Ibn Saud unified much of the Arabian Peninsula under his leadership, and the Kingdom of Saudi Arabia officially came into being in 1932.

This document was composed in the 1990s as an official Country Study Handbook for the Library of Congress. It looks at the alliance of ibn Abd al-Wahhab and

the House of Saud from an American perspective.

Author Biography

Helen Chapin Metz was born on April 13, 1928. Graduating from Vassar College and the American University

of Beirut, Metz went on to a successful career at the Library of Congress' Federal Research Division. She edited fifteen different Country Study Handbooks, including one for Saudi Arabia, from which this document is excerpted. She passed away on May 13, 2011.

HISTORICAL DOCUMENT

The Saud Family and Wahhabi Islam, 1500-1818

The Al Saud originated in Ad Diriyah, in the center of Najd, close to the modern capital of Riyadh. Around 1500 ancestors of Saud ibn Muhammad took over some date groves, one of the few forms of agriculture the region could support, and settled there. Over time the area developed into a small town, and the clan that would become the Al Saud came to be recognized as its leaders.

The rise of Al Saud is closely linked with Muhammad ibn Abd al Wahhab (died 1792), a Muslim scholar whose ideas form the basis of the Wahhabi movement. He grew up in Al-'Uyayna, an oasis in southern Najd, where he studied Hanbali Islamic law with his grandfather, one of the strictest Muslim legal schools. While still a young man, he left Al-'Uyayna to study with other teachers, the usual way to pursue higher education in the Islamic world. He studied in Medina and then went to Iraq and to Iran.

To understand the significance of Muhammad ibn Abd al Wahhab's ideas, they must be considered in the context of Islamic practice. There was a difference between the established rituals clearly defined in religious texts that all Muslims perform and popular Islam. The latter refers to local practice that is not universal.

The Shia practice of visiting shrines is an example of a popular practice. The Shia continued to revere the Imams even after their death and so visited their graves to ask favors of the Imams buried there. Over time, Shia scholars rationalized the practice and it became established.

Some of the Arabian tribes came to attribute the same sort of power that the Shia recognized in the tomb of an Imam to natural objects such as trees and rocks. Such beliefs were particularly disturbing to Muhammad ibn Abd al Wahhab. In the late 1730s he returned to the Najdi town of Huraymila and began to write and preach

against both Shia and local popular practices. He focused on the Muslim principle that there is only one God, and that God does not share his power with anyone—not Imams, and certainly not trees or rocks. From this unitarian principle, his students began to refer to themselves as muwahhidun (unitarians). Their detractors referred to them as “Wahhabis”—or “followers of Muhammad ibn Abd al Wahhab,” which had a pejorative connotation.

The idea of a unitary god was not new. Muhammad ibn Abd al Wahhab, however, attached political importance to it. He directed his attack against the Shia. He also sought out local leaders, trying to convince them that this was an Islamic issue. He expanded his message to include strict adherence to the principles of Islamic law. He referred to himself as a “reformer” and looked for a political figure who might give his ideas a wider audience.

Lacking political support in Huraymila, Muhammad ibn Abd al Wahhab returned to Al-'Uyayna where he won over some local leaders. Al-'Uyayna, however, was close to Al Hufuf, one of the twelve Shia centers in eastern Arabia, and its leaders were understandably alarmed at the anti-Shia tone of the Wahhabi message. Partly as a result of their influence, Muhammad ibn Abd al Wahhab was obliged to leave Al-'Uyayna, and headed for Ad Diriyah. He had earlier made contact with Muhammad ibn Saud, the leader in Ad Diriyah at the time, and two of Muhammad's brothers had accompanied him when he destroyed tomb shrines around Al-'Uyayna.

Accordingly, when Muhammad ibn Abd al Wahhab arrived in Ad Diriyah, the Al Saud was ready to support him. In 1744 Muhammad ibn Saud and Muhammad ibn Abd al Wahhab swore a traditional Muslim oath in which they promised to work together to establish a state run according to Islamic principles. Until that time the Al Saud had been accepted as conventional tribal leaders whose rule was based on longstanding but vaguely

defined authority.

Muhammad ibn Abd al Wahhab offered the Al Saud a clearly defined religious mission to which to contribute their leadership and upon which they might base their political authority. This sense of religious purpose remained evident in the political ideology of Saudi Arabia in the 1990s.

Muhammad ibn Saud began by leading armies into Najdi towns and villages to eradicate various popular and Shia practices. The movement helped to rally the towns and tribes of Najd to the Al Saud-Wahhabi standard. By 1765 Muhammad ibn Saud's forces had established Wahhabism—and with it the Al Saud political authority—over most of Najd.

After Muhammad ibn Saud died in 1765, his son, Abd al Aziz, continued the Wahhabi advance. In 1801 the Al Saud-Wahhabi armies attacked and sacked Karbala, the Shia shrine in eastern Iraq that commemorates the death of Husayn. In 1803 they moved to take control of Sunni towns in the Hijaz. Although the Wahhabis spared Mecca and Medina the destruction they visited upon Karbala, they destroyed monuments and grave markers that were being used for prayer to Muslim saints and for votive rituals, which the Wahhabis consider acts of polytheism. In destroying the objects that were the focus of these rituals, the Wahhabis sought to imitate Muhammad's destruction of pagan idols when he reentered Mecca in 628.

If the Al Saud had remained in Najd, the world would have paid them scant attention. But capturing the Hijaz brought the Al Saud empire into conflict with the rest of the Islamic world. The popular and Shia practices to which the Wahhabis objected were important to other Muslims, the majority of whom were alarmed that shrines were destroyed and access to the holy cities restricted.

Moreover, rule over the Hijaz was an important symbol. The Ottoman Turks, the most important political force in the Islamic world at the time, refused to concede rule over the Hijaz to local leaders. At the beginning of the nineteenth century, the Ottomans were not in a position to recover the Hijaz, because the empire had been in decline for more than two centuries, and its forces were weak and overextended. Accordingly, the Ottomans delegated the recapture of the Hijaz to their most ambitious client, Muhammad Ali, the semi-independent commander of their garrison in Egypt. Muhammad Ali, in turn, handed the job to his son Tursun, who led a force to the Hijaz in 1816; Muhammad Ali later joined his son to command the force in person.

Meanwhile, Muhammad ibn Abd al Wahhab had died in 1792, and Abd al Aziz died shortly before the capture of Mecca. The movement had continued, however, to recognize the leadership of the Al Saud and so followed Abd al Aziz's son, Saud, until 1814; after Saud died in 1814, his son, Abd Allah, ruled. Accordingly, it was Abd Allah ibn Saud ibn Abd al Aziz who faced the invading Egyptian army.

Tursun's forces took Mecca and Medina almost immediately. Abd Allah chose this time to retreat to the family's strongholds in Najd. Muhammad Ali decided to pursue him there, sending out another army under the command of his other son, Ibrahim. The Wahhabis made their stand at the traditional Al Saud capital of Ad Diriyah, where they managed to hold out for two years against superior Egyptian forces and weaponry. In the end, however, the Wahhabis proved no match for a modern army, and Ad Diriyah—and Abd Allah with it—fell in 1818.

[Source: U.S. Library of Congress, Saudi Arabia: A Country Study, ed. Helen Chapin Metz, 1992.]

GLOSSARY

Hijaz, the: also Hejaz, a region in what is today western Saudi Arabia, containing the important Islamic holy sites of Mecca and Medina

Najd: a region in what is today central Saudi Arabia

Document Themes and Analysis

This document, an excerpt from a Country Study Handbook on Saudi Arabia, shows the Wahhabite foundation of Saudi Arabia from an American perspective. The author tells this history with the themes of alliance and destruction.

The major date in this document is 1744. Before that date, Muhammad ibn Abd al Wahhab had a reputation but not a secure home; the House of Saud, meanwhile, had limited authority and no religious doctrine. That changed with their alliance: “In 1744 Muhammad ibn Saud and Muhammad ibn Abd al Wahhab swore a traditional Muslim oath in which they promised to work together to establish a state run according to Islamic principles.” This alliance fundamentally altered the nature of Saudi rule: “Until that time the Al Saud had been accepted as conventional tribal leaders whose rule was based on longstanding but vaguely defined authority.” The First Saudi State marks this date as its beginning. The alliance influences Saudi policy to this day.

Ibn Abd al Wahhab conceptualized a strict, conservative interpretation of Islam. As the document details, he viewed the reverence of shrines and objects as false idolatry. His zeal helped fuel the First Saudi State’s expansion, which in turn led to much destruction: “Although the Wahhabis spared Mecca and Medina the destruction they visited upon Karbala, they destroyed monuments and grave markers that were being used for prayer to Muslim saints and for votive rituals, which the Wahhabis consider acts of polytheism.” The conquerors rooted their violence in the past: “In destroying the objects that were the focus of these rituals, the Wahhabis sought to imitate Muhammad’s destruction of pagan idols when he reentered Mecca in 628.” The document showcases how Wahhabi’s strict interpretation of Islam and desire to spread this doctrine can lead to destruction.

The strict strain of Wahhabi Islam that first became associated with the House of Saud in 1744 still undergirds Saudi Arabia’s conservative society and culture today. This conservatism has led to what outsiders consider human rights violations in areas such as women’s and LGBTQ rights. However, Saudi Arabia’s vast supply of oil and geo-political influence in the region has curbed western nations from trying to discourage such violations.

Saudi Arabia’s Wahhabism has also brought it in close contact with terrorist groups such as al Qaeda and the Islamic State of Iraq and Syria, also known as ISIS. Fifteen of the nineteen hijackers from 9/11 were from Saudi Arabia. The government of Saudi Arabia’s alleged role in the attack has not been officially confirmed. However, in 2016 Congress passed the Justice Against Sponsors of Terrorism Act that allows the continuance of the civil lawsuit brought by families of victims of the September 11 attacks against Saudi Arabia for its government’s alleged role in the attacks, though the law does not mention Saudi Arabia by name.

—Anthony Vivian, MA

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■ The D'Arcy Oil Concession

Date: 1901

Authors: Alfred Marriott and George Grahame

Genre: Government grant treaty

Summary Overview

Persia—modern-day Iran—has a history of political-military power and empire dating back to the sixth century BCE. In the 1800s, however, the advance of European imperialism threatened to subject Persia to foreign dominance, whether through economic control by the British Empire or diplomatic bullying by the Russian Empire. By the end of the century, a combination of popular unrest, religious protest and political aspiration seemed to promise a more modern and representative twentieth century, in which Persia might reassert itself as one of the world's most influential countries.

As it turned out, Persia sat atop vast reserves of an important commodity—petroleum—that would determine power relationships in the twentieth century. In 1901, a British financial speculator named William Knox D'Arcy had his representative attorneys negotiate a grant of opportunity to search for petroleum deposits throughout the Persian countryside, referred to as a concession. The D'Arcy concession would become a model for other corporate agreements with governments over mineral rights in the non-western world. It opened up the exploitation of petroleum deposits in southwestern Asia that continues today, and its terms were copied and modified by other corporations and companies in the region. However, the concession also inadvertently but permanently shut down any opportunity for Persia to exploit its own resources or establish a constitutional, democratic regime, a tragedy which has still not been reversed in the early twenty-first century.

Defining Moment

In 1794, the new Qajar dynasty became established in Tehran as the next shahs, or rulers, of Persia. To the north of their empire lay the expanding Russian Empire, soon to war with Persia and capture Azerbaijan; to their east was India, a conglomeration of principalities at war with each other (and Persia) but whose most powerful entity was the British East India Company. Without many west-

ern weapons or diplomatic connections, Persia therefore was destined to be a pawn in the “Great Game” between these two empires over the next hundred years. Thrown into the mix was the Qajar family's seemingly genetic predisposition toward greed, and the result was a long period in which Persians saw their proud civilized traditions buried in great power rivalry and indirect economic control. In essence, over a hundred years, the Qajars sold control of the nation's economy over to the Russians and the British. Wealthy Persian aristocratic families sent their sons to Europe to get educated, and it occurred to more than one of them that the Europeans who had schooled them in values of self-government, equal justice before the law and capitalism were the same people who undermined their ability to bring those values home to their own people.

By the 1880s, Nasir al-Din Shah vacationed in Switzerland and made improvements to his imperial palace by granting concessions to British companies to run Persian banks, factories and mines, and allowing the Russians to maintain agricultural combines, run the Persian mint and maintain a profitable lottery. The shah sold control over different sectors of the economy to either British or Russian concerns, collecting payments that supplemented the national treasury's contribution to his income while inviting the two empires' squabbling over influence on the Persian economy. Often, the concessions were so brazenly exploitative and the competition to attain them so fierce that they could backfire on the shah. For example, by 1890, at a time when railroads crisscrossed the entire globe, there were five miles of track total in all Persia because British and Russian diplomats threatened reprisals if Nasir al-Din chose the other power to get the concession to build more track.

A breaking point came in 1891, when the shah granted the British Imperial Tobacco Company the exclusive right to grow tobacco and sell cigarettes in Persia. Persians had been growing tobacco for two centuries, and

smoking was considered integral to Persian culture, yet the profits from this habit would be entirely controlled by British businessmen. A famous Persian intellectual, Jamal ad Din al-Afghani, called on the beloved Shi'ite Muslim mullah Hasan Shirazi to mobilize the Persian people in defense of their economy and culture. Shirazi decided to issue a *fatwah*, or religious ruling, calling on Persian Shi'ites (Shias) to give up smoking, and amazingly, within days, no one in Persia bought or smoked cigarettes. Terrified, the shah cancelled the concession, and his last years on the throne were marked by depleted funds, corruption, and disorder in the rural areas of Persia. Nasir ad-Din was assassinated in 1896; Persia was at a crossroads in its history.

In 1872, Nasir ad-Din had granted a concession to Baron Julius de Reuter, a British subject, to build roads, telegraphs, mills, factories, and other public works—in essence, to develop the Persian economy and its infrastructure. Amongst the rights granted to Reuter was the exploitation of all the mineral resources in Persia, which were delineated as coal, iron, copper, lead, and petroleum. The Russian government and many Persian elites strenuously objected to their economy being beholden to one man, and the concession was cancelled. Reuter was compensated with the right to run a bank and search for the minerals, but his Persian Mining Corporation had its concession annulled when he ran out of money.

During the era of the Reuter concession, petroleum was perhaps the least useful of Persia's minerals to be mined, as its major uses were for the extraction of kerosene and the greasing of moveable parts. The waste product from this process, called gasoline, was simply thrown away. By the time Reuter's concession came to an end in 1899, the combustion engine had been invented, and now gasoline was the best use of petroleum available. Though automobiles were still rare, world navies were investing in more efficient oil-burning engines; in 1903, the invention of the airplane would prove that the potential of petroleum as an energy source was limitless.

Thus, lots of speculators had an interest in replacing Reuter as the master of Persia's mineral rights, since geologists knew that the country sat atop massive petroleum deposits. One of the world's largest petroleum deposits sat just to Persia's north outside the city of Baku on the Caspian Sea, in Azerbaijan; Baku had once been a Persian city until the Russians had captured it in a war in 1806. In Persia itself, there was so much petroleum available that small pockets of it bubbled to the earth's surface, to be pooled by peasants and used as a water re-

pellent, heating fuel or a protective tar for roofs or boats. The new shah, Mozaffar al-Din, shared his father's proclivity for high living on a small tax base extracted from a poor population. Like his father, then, petroleum represented a fabulous opportunity to secure a new source of revenue for his coffers, and he encouraged speculators to consider gambling on the profits promised by extracting Persia's petroleum reserves.

The most daring of these speculators was William Knox D'Arcy. D'Arcy was a lawyer who, upon moving to Australia, had partnered in a mining company that found gold outside Queensland in 1886, making him substantially wealthy. He moved back to his native England in 1889, inclined to gamble on mining investments to add to his fortune. D'Arcy's potential as an investor was suggested to an agent of the shah's government named Antoine Kitabci, and when Kitabci approached him, D'Arcy offered to foot £20,000 to open a sixty-year concession to explore for petroleum. The shah agreed, and in April 1901, D'Arcy's lawyer, Arthur Marriott, arrived in Tehran to negotiate the deal. The limits of D'Arcy's involvement in oil exploration ended there—despite his name being attached to the concession, William Knox D'Arcy would never set foot in Persia. Instead, it was his company and the engineers they hired, later merged with Burmah Oil, who would find vast reserves of petroleum in the Persian desert and change the course of the nation's history from then onward.

Author Biographies

William Knox D'Arcy provided £20,000 in cash for the concession, £650 in annual rent, and bribe money to distribute to the shah's local government officials and other important people in Persia, but from there, his authorship of the agreement ends—his role was entirely as the initial investor. Eventually, he was not even the primary investor; as the £20,000 metastasized into an even larger outlay, he faced the same problem as Reuter, and had to merge his company with Burmah Oil in 1905 in order to keep the search for petroleum reserves going.

The real authors of the concession were the many figures surrounding D'Arcy and the Persian shah who were interested in extracting oil from Persia. D'Arcy's primary envoy was Alfred Marriott, an attorney who was appointed based on his relationship as a first cousin of D'Arcy's secretary. Edouard Cotte was a French diplomat who knew Persian culture and the Persian state well enough to advise both sides on the fairness of the contract. Antoine Kitabci was, of course, the shah's emissary

who had sought D'Arcy out as the major investor in the petroleum extraction scheme; the British agent who had given him D'Arcy's name, Sir Henry Drummond Wolfe, himself received shares in the company's profits. Marriott and Cotte consulted in Tehran with the shah's grand vizier, Atabake Azzam, with few hiccups in the negotiations. The British ambassador, Sir Arthur Hardinge, and one of his vice-consuls, George Grahame, shadowed the discussions and gave official assent to whatever shape the concession took.

Once the concession was written up as a draft, the Russian embassy protested, and Marriott and Hardinge handed over half of D'Arcy's £20,000 before the signing in order to hurry Mozaffar al-Din's approval. The concession was finally written up in English, French (the language of international diplomacy at the time), and Farsi and signed by Marriott and the shah on May 28, 1901.

HISTORICAL DOCUMENT

Between the Government of His Imperial Majesty the Shah of Persia of the one part and William Knox D'Arcy of independent means residing in London at No. 42 Grosvenor Square (hereinafter called "the Concessionaire") of the other part. The following has by these presents been agreed on and arranged, viz.:

Article I

The Government of His Imperial Majesty the Shah grants to the Concessionaire by these presents a special and exclusive privilege to search for, obtain, exploit, develop, render suitable for trade, carry away and sell natural gas, petroleum, asphalt and ozokerite throughout the whole extent of the Persian Empire for a term of 60 years as from the date of these presents.

Article II

This privilege shall comprise the exclusive right of laying the pipelines necessary from the deposits where there may be found one or several of the said products up to the Persian Gulf, as also the necessary distributing branches. It shall also comprise the right of constructing and maintaining all and any wells, reservoirs, stations and pump services, accumulation services and distribution services, factories and other works and arrangements that may be deemed necessary.

Article III

The Imperial Persian Government grants gratuitously to the Concessionaire all uncultivated lands belonging to the State, which the Concessionaire's engineers may deem necessary for the construction of the whole or any

part of the above-mentioned works. As for cultivated lands belonging to the State, the Concessionaire must purchase them at the fair and current price of the Province. The Government also grants to the Concessionaire the right of acquiring all and any other lands or buildings necessary for the said purpose, with the consent of the proprietors, on such conditions as may be arranged between him and them without their being allowed to make demands of a nature to surcharge the prices ordinarily current for lands situate in their respective localities. Holy places with all their dependencies within a radius of 200 Persian archines are formally excluded.

Article IV

As three petroleum mines situate at Schouster Kassre-Chirine in the Province of Kermanschahan and Daleki near Bouchir are at present let to private persons and produce an annual revenue of two thousand tomans for the benefit of the Government, it has been agreed that the three aforesaid mines shall be comprised in the Deed of Concession in conformity with Article I, on condition that over and above the 16 per cent mentioned in Article 10 the Concessionaire shall pay every year the fixed sum of 2,000 (two thousand) tomans to the Imperial Government.

Article V

The course of the pipelines shall be fixed by the Concessionaire and his engineers.

Article VI

Notwithstanding what is above set forth, the privilege

granted by these presents shall not extend to the Provinces of Azerbadjan, Ghilan, Mazendaran, Asdrabad and Khorassan, but on the express condition that the Persian Imperial Government shall not grant to any other person the right of constructing a pipeline to the southern rivers or to the south coast of Persia.

Article VII

All lands granted by these presents to the Concessionaire or that may be acquired by him in the manner provided for in Articles 3 and 4 of these presents, as also all products exported shall be free of all imposts and taxes during the term of the present concession. All material and apparatuses necessary for the exploration, working and development of the pipeline shall enter Persia free of all taxes and custom-house duties.

Article VIII

The concessionaire shall immediately send out to Persia and at his own cost one or several experts with a view to their exploring the region in which there exist, as he believes, the said products, and in the event of a satisfactory nature, the latter shall immediately send to Persia and at his own cost all the technical staff necessary with the working plant and machinery required for boring and sinking wells and ascertaining the value of the property.

Article IX

The Imperial Persian Government authorizes the Concessionaire to found one or several companies for the working of the Concession. The names, "statutes" and capital of the said companies shall be fixed by the concessionaire, and the directors shall be chosen by him on the express condition that on the formation of each company the Concessionaire shall give official notice of such formation to the Imperial Government through the medium of the commissioner and shall forward the "statutes" with information as to the places at which such company is to operate. Such company or companies shall enjoy all the rights and privileges granted to the Concessionaire, but they must assume all his engagements and responsibilities.

Article X

It shall be stipulated in the contract between the Con-

cessionaire of the one part and the company of the other part that the latter is within the term of one month as from the date of the formation of the first exploitation company to pay the Imperial Persian Government the sum of £20,000 sterling in cash and an additional sum of £20,000 sterling in paid-up shares of the first company founded by virtue of the foregoing Article. It shall also pay the said Government annually a sum equal to 16 per cent of the annual net profits of any company or companies that may be formed in accordance with the said Article.

Article XI

The said Government shall be free to appoint [an] Imperial Commissioner who shall be consulted by the concessionaire and the directors of the companies to be formed. He shall supply all and any useful information at his disposal and he shall inform them of the best course to be adopted in the interest of the undertaking. He shall establish by agreement with the Concessionaire such supervision as he may deem expedient to safeguard the interests of the Imperial Government. The aforesaid powers of the Imperial Commissioner shall be set forth in the "statutes" of the companies to be created. The Concessionaire shall pay the Commissioner thus appointed an annual sum of £1,000 sterling for his services as from the date of the formation of the first company.

Article XII

The workmen employed in the service of the Company shall be subjects of His Imperial Majesty the Shah, except the technical staff such as the managers, engineers, borers and foremen.

Article XIII

At any place in which it may be proved that the inhabitants of the country now obtain petroleum for their own use, the Company must supply them gratuitously with the quantity of petroleum that they themselves got previously. Such quantity shall be fixed according to their own declarations, subject to the supervision of the local authority.

Article XIV

The Imperial Government binds itself to take all and any

necessary measures to secure the safety and the carrying out of the object of this Concession, of the plant and of the apparatuses of which mention is made for the purpose of the undertaking of the Company and to protect the representatives, agents and servants of the Company. The Imperial Government having thus fulfilled its engagements, the Concessionaire and the companies created by him shall not have power under any pretext whatever to claim damages from the Persian Government.

Article XV

On the expiration of the term of the present Concession, all materials, buildings and apparatuses then used by the Company for the exploitation of its industry shall become the property of the said Government, and the Company shall have no right to any indemnity in this connection.

Article XVI

If within the term of two years as from the present date the Concessionaire shall not have established the first of the said companies authorized by Article 9 of the present Agreement, the present Concession shall become null and void.

GLOSSARY

ozokerite: a black wax produced in petroleum deposits

tomans: an Iranian supercurrency; at the time, two thousand tomans would equal about \$40,000 in today's money

Article XVII

In the event of there arising between the parties to the present concession any dispute or difference in respect of its interpretation or the rights or responsibilities of one or the other of the parties therefore resulting, such dispute or difference shall be submitted to two arbitrators at Teheran, one of whom shall be named by each of the parties, and to an Umpire who shall be appointed by the arbitrators before they proceed to arbitrate. The decision of the arbitrators or, in the event of the latter disagreeing that of the umpire, shall be final.

Article XVIII

This Act of Concession made in duplicate is written in the French language and translated into Persian with the same meaning. But in the event of there being any dispute in relation to such meaning, the French text shall alone prevail.

Teheran

Sefer 1319 of the Hegine, that is to say May 1901.

(Signed) William Knox D'Arcy, By his Attorney,

(Signed) Alfred L. Marriott.

(Signed) George Grahame, Vice-Consul.

Dated at Gulaket near Teheran this 6 day of June 1901.

(Signed) George Grahame, Vice-Consul.

Document Themes and Analysis

The agreement between Mozaffar al-Din Shah and William D'Arcy was remarkable for its time in that it was an agreement between a government and an individual expecting to form a company, versus a government and the company itself or another government. Furthermore, governments usually made concessions to companies in order to exploit resources. In this agreement, the Persian government indeed determined the terms of the concession for D'Arcy's company, but since no one knew where to find the petroleum reserves, the company essentially defined the terms—it told the shah what parameters it needed to search for mineral wealth across approximately

85 percent of Persia's territory. Accordingly, in the agreement, the "Concessionaire," as it is termed in French, is D'Arcy as opposed to the shah. In the future, the body of this agreement would become the model for other concessions written between companies and governments across the petroleum-producing Arab states through the early twentieth century.

The first article states that the shah's government granted the "privilege"—an important term to use, as opposed to a "right," which had implications for which an aggrieved party could sue in international law—to D'Arcy's company to mine for petroleum and prepare it to trade outside the country. This privilege would last for

sixty years, and cover “the whole extent of the Persian Empire,” an area that would be modified later in Article VI. In the second article, the company was granted the “right” to build pipelines and maintain wells to exploit whatever petroleum was found. In other words, the “privilege” of searching for petroleum and its derivatives could be taken away if D’Arcy displeased the shah somehow, but he had the “right” to build and control the property his company needed to exploit the privilege. The third article allowed the company to look for oil on any public land, and to negotiate terms with land owned by individual Persians, exclusive of “[h]oly places with all their dependencies within a radius of 200 Persian archines.” The fifth article allowed the company to determine the necessary route over which to build the pipelines. Eventually, the first line would run a hundred and thirty miles through the Persian desert to a petroleum refinery built at the base of the Euphrates River at Abadan; it would be the largest refinery in the world by 1950.

Article IV was written in light of all the shah’s previous economic agreements made in Persia—D’Arcy’s company was given control over three already-producing petroleum sites, so it would have a full monopoly on production. In Article 10, it was agreed that the shah’s treasury would collect 16 percent of the yearly profits taken in by D’Arcy’s company; for these three sites, they would pay an added two thousand tomans—about \$40,000 a piece—for the right to continue drilling there. This may have seemed like a lot of money in 1901. Within fifteen years, however, the spread of the automobile and the airplane, and the needs of militaries during the First World War to maintain submarines, destroyers and tanks, plus the sheer amounts of petroleum gushing out of the earth in Persia would make \$40,000 a pittance, likely less than a half day’s worth of production at Abadan.

The sixth article modified the first article. Five Persian provinces were excluded from the D’Arcy company’s exploration—Azerbadjan, Ghilan, Mazendaran, Asdrabad and Khorassan, all provinces bordering the Russian Empire. The idea was to avoid teasing the Russians into protesting the concession by drilling oil right over the border from Baku, “on the express condition that the Persian Imperial Government shall not grant to any other person the right of constructing a pipeline to the southern rivers or to the south coast of Persia.” In other words, D’Arcy’s British government backers wanted to avoid harassing the Russians, but they were not about to let them mine themselves or build a pipeline across Persia either.

Article VII made D’Arcy’s concession tax-free, a stun-

ning grant considering how much British geologists, engineers, dredgers and other employees of the company would rely on Persian infrastructure to accomplish their goals. In essence, the seventh article meant that the Persian populace would pay for all of the roads, housing, land and other facilities necessary to dig up the petroleum. Such an article would never clear a concession today; like Article IV, it was a relic of the shah’s nineteenth century economic agreements with the Russians and the British.

In the eighth article, D’Arcy was required to declare his intentions, to name where his company would dig and provide the means to get his people and supplies to the site. In other words, all the costs and all the risks for the actual petroleum exploration would be borne by D’Arcy. Once the digging sites were determined, the ninth article required the company to provide its people’s names, company rules, and accounting books for the perusal of the shah’s state, for the purposes of honesty and communication as to the rules of the concession. “Such company or companies shall enjoy all the rights and privileges granted to the Concessionaire, but they must assume all his engagements and responsibilities.”

The tenth article began to set the terms for what the Persian government would get out of the concession. The £20,000 sterling which D’Arcy had provided had to be handed over within a month (again, half of it was handed over immediately to avoid Russian interference in the signing). Furthermore, the company agreed to pay the shah another £20,000 per month over the coming years as the company continued its search for petroleum. Once petroleum was found, the Persian government would receive 16 percent of the annual profits of the petroleum products brought out of Persia—an amount that, as in the 2000 tomans handed over in Article IV, was pitifully small in comparison to how much the British companies would make out of their refinery at Abadan. Even then, argument over how much the Anglo-Iranian Oil Company made off Persian oil and how much 16 percent of its profits amounted to would be a constant source of friction. Article XI would seem to have dealt with these contradictions by having the Persian government appoint an “Imperial Commissioner” to keep an eye on affairs around the petroleum digs. However, it also stipulated that D’Arcy’s companies would determine what his “aforesaid powers” would be, and they would supply him with his £1,000 sterling annual salary. In modern terms, then, he was to be a puppet of the company.

The next four articles protected the Persian people and

the company's employees. Article XII demanded that the company provide jobs for the shah's subjects, and Article XIII protected their own petroleum finds by demanding that the company compensate them for taking over their oil fields and provide them with the oil they needed to maintain their lifestyles. In return, Article XIV promised that D'Arcy's employees and equipment would be protected by the Persian government, and in return the company could not sue the Persian government under any circumstances. Finally, once the concession was finished, all the equipment and facilities would be turned over to the shah's government, according to the fifteenth article. All of this seemed comparatively fair, but in the long run, the company would keep its Persian workers in squalid poverty on site in Abadan, and as a result, the only people the Anglo-Iranian Oil Company needed protection from was the angry Persian populace themselves.

The concession had a two-year lifespan, according to Article XVI; if D'Arcy did not establish his digging companies by then, the concession was null and void. In the seventeenth article, any disputes over the concession would be settled by an independent arbitration team, one appointed by the shah's government and one appointed by D'Arcy's company, surrounding an umpire that the two arbitrators chose themselves. And finally, the agreement was to be written up in Persian and French; if there was a dispute, "the French text shall alone prevail."

The contract was the first to be concluded between a western corporation and an Asian country with petroleum resources, so it would be copied in numerous future agreements, with a few modifications. It protected D'Arcy from most of the consequences if his investment failed, but it also required him to better the economic situations of the Persian people he encountered in his explorations, employing them and assuring them of a certain value for their petroleum reserves. In the end, though, that would not prove to be much of a requirement.

Upon receiving his concession, D'Arcy put together a mining company run by George Reynolds, an engineer out of India who had previously drilled for oil in the Dutch East Indies (today's Indonesia). Reynolds explored and drilled for three years, but beyond those sites where petroleum was already known to exist, D'Arcy's company found nothing. The British military were concerned not to lose D'Arcy's concession to the Russians; Admiral John Fisher of the Royal Navy wanted to convert the Royal Navy's battleships to oil-consuming combustion engines, and the airplane held some small promise

as a wartime weapon as well. So the British government helped negotiate a partner for D'Arcy before his company went bankrupt. In 1905, Burmah Oil merged with D'Arcy's company to form the roots of a new company, with D'Arcy as its director.

Seven years after the concession, even this merger was on the verge of financial collapse. D'Arcy himself began to consider the end of his efforts to drill in the Persian desert. Then, mere days before giving up, in May 1908, a gusher of petroleum blew fifty feet over the top of a drilling rig at Majid-i-Suleiman in the Zagros Mountains. Reynolds had a pipeline built out to Abadan, and D'Arcy's company went public in 1909, renaming itself the Anglo-Persian Oil Company—the roots of what would become BP, or British Petroleum. When the Abadan refinery broke down in 1913, the British Admiralty, led by Winston Churchill, convinced the British government to buy 51 percent of Anglo-Persian stock to maintain the concession in Britain's favor; the sale was completed five days after Britain had declared war on Germany, beginning the First World War. Persian oil would power the Royal Navy and the Royal Air Force throughout both world wars.

Persia—renamed Iran in 1935—became a pawn in the hands of Britain and its allies. In 1907, the Persian people demanded and received from the shah a constitution, establishing for themselves a parliament, the Majlis, and elections for representatives to sit in it. In the same year, Britain and Russia settled their differences in Persia in the Anglo-Russian Entente, granting spheres of influence to each other, the Russians in the north and the British in the south. The petroleum strike at Majid-i-Suleiman a year later meant that the Majlis would never have anything but the most cursory control over the Persian economy ever after—the British military's demand for oil precluded it. In 1925, British intelligence paid an army colonel, Mohammed Reza, to overthrow the Qajar shah in 1925 and establish a pro-British and anti-Soviet regime with the Majlis firmly subordinated to his rule. Twenty-eight years later, in 1953, the Anglo-Iranian Oil Company, Churchill, the CIA and Reza's son, the Shah Muhammad Reza Pahlavi, conspired to overthrow the Majlis' prime minister and establish Pahlavi as a dictator, all in the interests of keeping the oil flowing. Another quarter century later, in 1978, Ayatollah Ruhollah Khomeini's Islamic Revolution would throw out all of Iran's foreign influences; in return, Iran's oil was sanctioned and its sales limited on the international market, led by a boycott imposed by the United States and Britain. Iran's

oil sanctions last in limited form all the way to the present day. Truly, the D'Arcy concession conceded more of Iran's future than was obvious in 1901.

—David Simonelli, PhD

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