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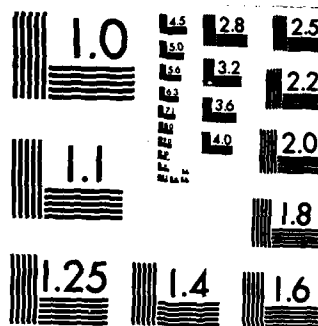
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Iran and the Big Powers 1900-1953

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26 April 1985

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IRAN AND THE BIG POWERS 1900-1953

BY

JAMES HOWARD MUHL, JR. B.S.

THESIS

Presented to the Faculty of the Graduate School of
The University of Texas at Austin
in Partial Fulfillment
of the Requirements
for the Degree of
Master of Arts

THE UNIVERSITY OF TEXAS AT AUSTIN

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Introduction

Throughout its history Iran has been one of few Middle Eastern countries able to maintain independence under intensive imperialistic activity by foreign powers. Even in the aftermath of World War I and II, a battered Iran kept its autonomy despite the rearrangement of international boundaries throughout the Middle East. How was a country lacking modern technology and in the midst of drastic internal transformation and external pressures able to secure its sovereignty? With Russian and British empires as neighbors, Iran's survival during the "Age of Imperialism" was a remarkable act.

Nationalism, as a counterweight to external forces and as a prod for domestic development, played the pivotal role. The interaction between Iranian foreign policy and the objectives of internal development is the backdrop. Iran's continual balancing act between imperialist or East-West powers provides the drama.

Chapter One

Modern Iran's Foreign Relations up to 1921

Anglo-Russian Rivalry in Iran

Prior to 1921 the dominant external factor influencing Iranian foreign policy was the historical Anglo-Russian rivalry. This Anglo-Russian contest in Iran can be traced to Peter the Great's temporary penetration of Iran's northern provinces in 1724 and its implied menace to India. Further Russian threats to India were evident in 1801 when Napoleon negotiated an agreement with Tsar Paul of Russia to usurp the British in India. Napoleon's scheme envisaged a joint invasion of India by French and Russian forces by way of Iran. Tsar Paul ordered Ataman Orlov to lead a Cossack expedition through the Turkoman steppe, but its failure and the subsequent death of the Tsar frustrated Napoleon's plans.¹

Later, Russia fought a series of wars with Iran, resulting in the Treaty of Gulistan (1813) and the Treaty of Turkomanchai (1828). The Treaty of Turkomanchai was particularly onerous for Iran. Besides establishing the

Russian-Iranian frontier on the Aras River south of the Caucasus Range, it subjected Iran to Russian political and economic domination. Russia ceased her overt annexation in the northwest of Iran, but continued to expand in the northeast. The khanates of Khiva and Bukhara fell in 1873, and in 1881 the Russo-Iranian Agreement fixed the Atrek River as the boundary between the two countries. Russian expansion in Central Asia continued until Merv fell in 1884, completing Russia's conquest of the Transcaspian region.²

The key to Iran's independence lay in the British attempt to check this Russian expansion. Seeking to secure their position in India and wanting to utilize Iran as a buffer state, Britain sought an alliance with the Shah as early as 1809. Iran finally agreed to the Treaty of Teheran in 1814, providing for a British subsidy and military help to the Iranians in exchange for their resisting the passage of Russian troops toward India.³

But by the latter half of the 1800's, the British had become as economically imperialistic as the Russians. For example, the concession to the British Baron Julius de Reuters granted exclusive rights for railroad and streetcar construction, all unexploited mineral extraction, all unexploited irrigation works, a national bank and

various industrial and agricultural projects- all in return for a modest royalty and initial fee. The threat from both Britain and Russia forced Iran to develop a foreign policy for its political survival. This policy stressed a balance between the two powers, playing one against the other.⁴ Iran's successful diplomatic efforts and the Anglo-Russian desire to cool down their competition while absorbing their gains resulted in an Anglo-Russian understanding which marked the limits of each Empire's expansion. Russian limits of expansion were set north of present-day Iran and Afghanistan.⁵ Iran also sought to involve a third power whenever its presence could serve to diminish Anglo-Russian pressures. During the nineteenth and twentieth centuries Iran successfully employed third power help: Belgian administrators and custom advisers, Swedish military advisers and American financial experts.

By 1900 Anglo-Russian penetration of Iran was mostly through continued economic concessions. The Iranian government was engaged in a desperate political and economic delaying action. The cost of maintaining independence by conceding concessions one at a time and never favoring one side was high. The domination of Iran's resources and the manipulation of its government via foreign loans finally provided the catalyst for a broad-based nationalist movement.

World War One and It's Impact on Iran

In August of 1914, the First World War erupted. By the end of October, the Ottoman Empire's participation brought the war to Iran. Ahmad Shah had just been crowned in July at the age of seventeen and exercised little influence in foreign or domestic policy formulation. The real policy makers were some of the former constitutionalist / nationalists who had been able to re-enter Iranian politics. On November 1, 1914, Iran decreed neutrality in anticipation of the outbreak of Russo-Turkish hostilities on Iranian soil. The prospects for the implementation of a neutrality policy were bleak, given the anti-Russian feeling of the people and the existence of Russian troops in Iran on the Ottoman border. The Ottomans declined to recognize Iran's neutrality as long as Russian troops occupied Iranian Azerbaijan. In December 1914, the Ottomans attacked Azerbaijan, and in January 1915, their Kurdish allies briefly occupied Tabriz. Azerbaijan was thus turned into a Russo-Turkish theater of war, suffering all the vicissitudes of war.²⁵ Iran's foreign policy during World War I, therefore, encompassed a neutrality stance which was unheeded by belligerents.

alone had determined policy within limits set by the semifeudal structure. The period 1905-1911 was characterized by the intermingling of domestic and foreign policy to the point that they were virtually the same. This situation would exist until after World War I. The nationalists' attempt to establish a new order, promote domestic reforms and to conduct an independent foreign policy was unrealistic; it ignored Russian interests in keeping Iran under political and economic bondage through bank loans and trade with Iran. By posing a direct threat to Russian interests, nationalistic reform guaranteed stiff opposition which it was not able to overcome.

Above all, Iran's failure to balance the two major powers in the face of the 1907 Anglo-Russian Agreement emphasized the danger of "Big Power" reconciliation. The balancing act worked only when the two major powers were in conflict. In the period 1907-1917, Iran was unable to influence external events affecting British and Russian rapprochement and achieve the critical balance she needed to assure independence.

The situation for Iran at the end of 1911 seemed bleak, and her chances of retaining any semblance of independence looked slim. The Majlis was gone and most constitutional and nationalist leaders were in exile. The country lay in the grip of foreign powers. Tribal chiefs controlled a corrupt and supine central government that exercised limited powers. But despite outward appearances, the 1905-1911 Constitutional Revolution within Iran marked the appearance of fundamental factors that would preserve her sovereignty. The major new factor was the rise of nationalism as a counter to foreign penetration. Constitutionalism had become a symbol around which various groups rallied in their agitation for Iranian independence. This movement was, in fact, nationalism cloaked in constitutionalist garb.

Regionalism, tribalism and factional divisions still existed, but a common point of nationalistic focus had arisen, and the political system of autocracy had altered fundamentally. Western concepts of law and representative government would increasingly affect relationships between the ulama, the throne and the rising middle class of western-educated intellectuals. This change in domestic politics had altered the foreign policy procedure to include the Majlis, whereas, before, the Shah

maneuver failed, and with the Russians facing a more hostile anti-Russian Majlis, they finally seized upon the Morgan Shuster Mission as a pretext to force their will on Iran. Not only had Shuster been active in organizing and supplying the combat units that defeated the ex-Shah's forces, he had the gendarmerie seize the estates of Shu'a'al Sultana, a younger brother of the ex-Shah who claimed Russian citizenship. This precipitated a series of events that culminated in the Russians delivering a three-point ultimatum: 1) the dismissal of the Shuster Mission, 2) the promise not to hire foreign advisors without the consent of Russia and Britain and 3) the payment of an indemnity for the expeditionary force they had already sent to Enzeli and Rasht. Russia threatened to occupy ²³Teheran if the demands were not met in forty-eight hours.

The Majlis rejected the Russian ultimatum; however, the Prime Minister, Regent and the Cabinet decided to accept the ultimatum inspite of the Majlis' vote. While this acceptance was condemned by the nationalists, it averted a total occupation and loss of nominal independence. On December 20, 1911, the Majlis was surrounded by armed Bakhtiari and Yefrem Khan's police. The deputies were forced to accept the ultimatum, and on ²⁴December 24, 1911, the Majlis was disbanded.

The Iranians contracted with American Morgan Shuster to revamp their financial system. Shuster threatened both Russian and British political and economic influence by his attempt to make Iran financially independent. He describes his plan:

My purpose in drafting the law of June 13, 1911, was to establish a central organization to be known as the office of the Treasurer-general of Persia, which should be responsible for and given charge of the collection and of the disbursement of all revenues and Government receipts, from whatever source derived- an office which should make and authorize all payments, for whatever purpose, in behalf of the central Government of Persia. 21

The strong support Shuster received from the nationalists only exacerbated Russian fear of Iranian autonomy. Shuster determined that he needed a competent military force under his control to collect the taxes. He proposed to place this treasury gendarmerie under the command of British officer Major C. B. Stokes, a well-known anti-Russian sympathizer. This set the tone for Shuster's relations with the Russians, eventually leading to conflict. 22

A collision course between Russia and the nationalists was inevitable, and the Russians forced the issue with two separate episodes in 1911. The first attempt was from July to September 1911, when they provided the ex-Shah Mohammad Ali military and economic aid in his abortive attempt to retake power by force of arms. This

to keep the Shah in line with their interests. The tool had proved to have a mind of its own, and Britain and Russia were not eager to deal with a determined and hostile constitutional regime. Russia refused to withdraw her troops from Iran, and the nationalists attacked her in the Majlis. Plans to regain control of the economic sector in Iran further threatened Russian interests.

Collapse of Iran's Nationalist Constitutional Government

Iran's attempt to regain control of her finances revolved around the Morgan Shuster Mission. The Morgan Shuster Mission arose from Iran's continued search for a way out of its subservience to Britain and Russia. Iran wanted a disinterested third power to come to her aid and diminish Anglo-Russian pressure. This ploy was a fundamental feature of Iran's foreign policy readily employed by the Constitutionalists. Iran had hoped Germany would fill this third power role, but in 1910 the Potsdam Agreement between Russia and Germany made it clear that Germany would not quarrel with Russia over Iran. The United States was next choice for savior, but the United States was disinterested in participating in Iranian politics. Iran was only able to hire American advisors for reorganization of her financial administration.

The Constitutional Victory

The nationalists in Tabriz carried on the resistance with help from dissident Caucasian revolutionaries. The influence of these Caucasian revolutionaries was often felt in internal Iranian politics. Georgian, Armenian and Azerbaijani revolutionaries formed an important element in the defense¹⁸ of Tabriz against the Shah.

The seige of Tabriz was finally lifted by a Russian relief column in April 1909, under the pretext of protecting resident Europeans. But Tabriz nationalist resistance had given the Iranian nationalists time to reorganize. In July of 1909, two forces, a Bakhtiari force under Sardar As'ad and another force from Rasht under Sipahdar-i-As'zam Muhammad Wali Khan, advanced on Teheran. The Shah was defeated and sought refuge at the Russian legation. Later he was deposed, and his son, a minor with a regency, succeeded to the throne. On September 8, 1909, the ex-Shah left for Kiev. Elections were held on December 5, 1909, and the second legislative¹⁹ session of the National Assembly opened.

The constitutional government had been restored in a manner unwelcome to Britain and Russia. The two Imperial powers had hoped to use the nationalists as a tool

hostility, British apathy and, at times, their collusion helped to destroy the Constitutional government twice in four years. The first interference occurred when the anti-constitutionalist Russian minister, Hartwig, and the commander of the Cossack Brigade, Colonel Vladimir Platonovich Liakhov, planned to overthrow the nationalists. They advised the Shah to abolish the Constitution and disperse the Majlis.¹⁵ In June 1908, the Shah forced a confrontation with the Majlis, and on June 22, declared martial law. The next day the Majlis was surrounded by the Cossacks and shelled. The Constitutionalists were routed, and the Shah closed the National Assembly.¹⁶ The Shah's Russian support would prove costly.

The opposition to the misgovernment and tyranny of the Shah tended to express itself in terms of a nationalist patriotic movement. The perception that the Shah was a Russian puppet accounted for the almost universal hatred of him. The presence of Russian troops heightened this hatred for both the Shah and the Russians. The nationalist movement took on the tone of an anti-Russian movement in defense of Iran against Russian intervention.¹⁷

The 1907 Anglo-Russian Convention

The 1907 Anglo-Russian agreement signaled a fundamental shift in both British and Russian policy. The era of Russian expansion in the South and in the East had ended. Russia was shifting her focus to the West, while Britain recognized Russia's interests in Asia. On August 24, 1907, Russian Foreign Minister Izvolskii illustrated the problem with Russia's Asiatic focus:

We must put our interests in Asia in their proper place, otherwise we would ourselves become an Asiatic state, which would be the greatest calamity for Russia."¹⁴

The 1907 agreement divided Iran into two spheres of influence along the lines Kokovtsov had suggested. Russia's sphere in the northern half was separated from the British southern half by a neutral buffer zone under nominal Iranian control. The Anglo-Russian Convention of 1907 created a disastrous set of external conditions for Iran. The British counterweight no longer effectively kept Russia from unilaterally absorbing northern Iran. The rapprochement gave Russia an unprecedented opportunity to intervene in Iran. Short of outright annexation, the British would not oppose any Russian actions within her respective sphere of influence.

One consequence of the new Anglo-Russian accord was the destruction of the new Iranian parliament. Russian

Russia 28,972,124 rubles in long-term debt and 3,223,810 in short-term debts. This was against a mere 2,000,000 ruble equivalent owed by Iran to Britain. The financial sacrifices of the two great powers were not proportionate to their respective influence, so Russian policy had a strong financial reason to change.¹²

Although Iran was the most important issue between the two powers, their rapprochement largely resulted from pressures outside of Iran. Russian objectives shifted away from obtaining access to the Persian Gulf and toward obtaining British support for Russian interest in the Turkish Straits and consolidating their gains in northern Iran. Also favoring the Anglo-Russian Entente were: 1) the rapid rise of Germany which forced Britain to change her policies toward Russia, 2) the common fear of the development of national liberation movements in the Orient and 3) Britain's fear that she might lose her colonies as a result of revolution. Britain now viewed the revolutionary virus as threatening Egypt and India, so she quickly withdrew support for the Iranian nationalists. Russian and British efforts to seek a mutually accommodating policy was resolved in St. Petersburg on August 31, 1907, through the Anglo-Russian Convention on Persia, Afghanistan and Tibet.¹³

give to the English a part of Persia." ¹⁰ By 1906 the conditions had changed and Russia was moved to retrenchment of its position rather than to an expansionist policy.

Izvolskii, the Russian Foreign Minister, held a special ministerial conference on September 20, 1906. The dominant, although by no means unanimous, opinion of the conference was that Russia's importance in Iran had decreased. Consequently, it was necessary to change Russia's Eastern policy. The objective of reaching the Persian Gulf had been futile. Britain dominated the Gulf, and Russia's strength was insufficient to challenge her. Russian interest in the northern provinces was too great to be abandoned and needed protection from British as well as possible German penetration. Kokovtsov argued for a line drawn from Qasre Shirin through Hamadan, Tehran and Mashhad to Ashkhabad that would demarcate the natural Russian sphere. This line according to Kokovtsov:

draws a natural limit to the sphere in which we have already obtained concessions and, in general, have firmly planted our feet. We must limit ourselves to this line and make a firm decision not to go further." ¹¹

Far from being a retreat, this Russian policy was a retrenchment of their position and an attempt to reap the gains of their efforts in Iran. Russia had already invested 72,204,754 rubles, or \$37,218,945 (\$1=1.94 rubles) of which the Shah's government owed

exodus from the capital to take refuge in the holy city of Qom. Concurrently and with tacit British support, the merchants had organized a protest of approximately 14,000 persons at the British legation. While in the British legation, the anjumans, or secret political societies, organized the protest movement and provided ideological support for a Constitutional government which culminated in a demand for a Consultative National Assembly. On August 5, 1906 Muzaffar al-Din Shah gave in and appointed Moshir al-Dawleh, an elite liberal, as his prime minister and signed a proclamation convening a Consultative National⁹ Assembly- the Majlis.

While Iran was undergoing its Constitutional Revolution, an event of great significance far away was taking place that would drastically affect both its internal and foreign policy. This event was a rapprochement between Russia and Britain. As early as October 1901, Lansdowne had suggested to the Russian Ambassador that a division of Persia into spheres of influence might provide a solution to the Anglo-Russian rivalry there. Earlier, Russia had refused the renunciation of her interests in Southern Persia and its warm water ports as too high a price for agreement. As the Russian Minister of Finance V. M. Kokvtsov stated, "The Russian government wanted neither to break with Afghanistan nor to

indirectly. News and views of the Russian Revolution spread largely through migrant workers in the Transcaucasus region greatly inspired the nationalist movement in Iran. Revolution-weary and exhausted by the Russo-Japanese conflict, the Tsarist regime slowed down its interference with Iran's internal politics.⁷ The Anglo-Russian domination of Iran further lapsed with a change of government in Britain from the Conservative leadership of Lord Salisbury to a Liberal government under Sir Henry Campbell-Bannerman. At a critical time, these British and Russian preoccupations allowed the Iranian nationalists to consolidate their movement against foreign interference in their domestic affairs.

In December 1905, leading members of the Ulama-Seyyed Abdollah Behbahani, Seyyed Mohammad Tabatabai and Aqa Sayyed Jamal ed-Din- incited Tehran merchants to demand the dismissal of the Grand Vizier, Eyn od-Dowleh, a perceived tool of the foreigners.⁸ This demand was followed by a period of unrest marked by street violence, exile of opposition members and continued deterioration until July 1906. At the same time, the Anglo-Russian rivalry intensified with the Russians supporting the Shah and the British aligning with the nationalist / constitutionalist elements. In July 1906, the situation came to a head with Tabatabai and Behbahani staging an

The Rise of Nationalism

From 1891 to 1905, Iranian domestic politics saw the uniting of divergent groups such as the Ulama, the bazaar class, the merchants and the intelligentsia in direct response to Anglo-Russian imperialism. By 1905 the opposition to the Shah was growing in reaction to the perception of him as a puppet of the Russians. In 1905, Russian Foreign Minister Lamsdorff told a special ministerial conference that the Shah had decided "to renounce the policy of vacillation between English and Russian influences and irrevocably to turn to the side of Russia."⁶ This shift away from a nonalignment policy was directly tied to the Shah's request for an additional loan. The Russian terms for the loan would have placed Iran in the Russian sphere of influence with annexation only a matter of time. Fortunately for Iran at this critical juncture, two significant events occurred- the Russo-Japanese War and the first Russian Revolution.

Japan's success against Russia in the 1905 War had a tremendous impact upon Iran. The defeat of a mighty imperial power by a small Asian country boosted the Iranians' self-confidence and gave them hope of freeing themselves from Russian domination. The Russian Revolution of 1905 also influenced Iranian politics, both directly and

Internally, Iran's neutrality was a policy she could not easily pursue, either. The Third Majlis, which opened officially on January 4, 1915, nursed fierce anti-British and anti-Russian sentiments reflecting the treatment Iranians had undergone since the Constitutional Revolution. Charges of being an Anglophile or Russophile could easily lead to assassination.²⁶

In this atmosphere, German advances and pressure from the Majlis forced Prime Minister Mustawfi al-Mamalik to negotiate an agreement with Germany. Unfortunately for the nationalists, Germany was not able to guarantee adequate arms or money, and word of the secret negotiations spread to the Russians and British. Russia responded by sending troops from the Caucasus and Qazvin toward Teheran. About thirty deputies of the Majlis fled to Qom and eventually to Kermanshah where they organized a National Defense Committee siding with the Central Powers. The Shah remained in Teheran under Russia's threat that his father, the ex-Shah in exile, would be reinstated if he fled.²⁷

The National Defense Committee forces' defeat and Teheran's being surrounded by Russian troops dealt Mustawfi al-Mamalik's cabinet a fatal blow. On December 10, 1915, he resigned. From this time until the end of the war, cabinets rose and fell with the ebb and flow of the war and the chronic disunity of Iranian politics. Despite the

strong Anglo-Russian influence, the allies could not procure a cabinet to their liking; on each occasion the Shah rejected the Entente candidate for Prime Minister in favor of a man more acceptable to the nationalists in the Majlis. The recall of the Majlis especially provided Iran's leaders with a valuable counter against Entente demands. The mutual hostilities within the Iranian political system became a foreign policy tool to frustrate the designs of outsiders and preserve Iranian independence. This ploy for autonomy through disunity was successful during World War I and would be used again in post World War II. Despite some frustration of Entente interests, the main thrust of foreign policy after Mustawfi's fall was generally pro-Entente since Russia and Britain still occupied the country. Neutrality had been largely based on the emotional appeal to side with the "enemy of my enemy", and it ignored pragmatic considerations. In the end, neutrality as a foreign policy failed because no one- not the Entente, the Central Powers nor the Iranians- wanted it. Neutrality simply exposed Iran to Big Power imperialism.

Anglo-Russian designs on the integrity of Iran were exposed in the Constantinople Agreement of 1915. By 1914, the 1907 Anglo-Russian Agreement was no longer adequate, given the definite British interest in the oil

fields of southwest Iran. Essentially, the agreement in 1915 was a Russian acknowledgement of British influence over the neutral area of Iran as well as over the South; in return, the British would support Russia's claim to Istanbul and the Turkish Straits in the event of an Entente victory. The following communique was relayed from the Russian Foreign Minister to the Russian Ambassador in London, March 7, 1915:

The Imperial Government confirms its assent to the inclusion of the neutral zone of Persia in the English sphere of influence. At the same time, however, [the Imperial Government] regards it as equitable to stipulate that the districts adjoining the cities of Isfahan and Yazd, forming with them an inseparable whole, should be reserved for Russia in view of the interests that Russia possesses there; a part of the neutral zone which now forms a wedge between the Russian and Afghan frontiers and touches Russia's frontier at Zulfiqar, must also be included in the Russian sphere of influence... The Imperial Government expects that in the future its full liberty of action will be recognized in the sphere of influence thus delimited and that in particular it will enjoy the right preferentially [to develop] its financial and economic policy.²⁸

This agreement would have usurped Iranian independence.

The Impact of the Soviet Revolution on Iran 1917-1921

The event that changed Anglo-Russian designs on Iran was the 1917 October Revolution in Russia. It led to the disintegration and evacuation of the Russian forces from Iran. The policy of Russian domination over Iran was

was removed for the first time since 1909. In January 1918, the new Soviet government renounced Tsarist policies, agreements and concessions that had limited Iran's sovereignty.
29

The Anglo-Russian rivalry in Iran collapsed through Soviet default and posed a serious problem for Iran. Since the beginning of the nineteenth century, Iran's foreign policy had centered on the need to find a counterweight to Russia. This had evolved into the practice of balancing the two major European powers on her border. Now, for the first time in two hundred years, there was no need to find leverage against the northern threat, and Britain, not Russia, was posed to devour Iran's sovereignty. The collapse of the Central Powers in 1918 allowed Britain to fill the vacuum in Iran resulting from Russia's exit. She quickly occupied Iran and the territory beyond- into the Transcaucasia and Transcaspia regions.

Iran's traditional policy of balancing two foreign powers was useless when one power withdrew. Britain now held free reign in Iranian politics. The hostile cabinets in Iran were replaced by a pro-British cabinet under Vusuq al Dawla. Iranian leaders had no choice but to sign the abortive Anglo-Persian Agreement of 1919 which made Iran a
30
British protectorate in all but name.

Conditions in Iran deteriorated further following the British Cabinet's decision to withdraw British forces from northern and western Iran in April 1920. In the aftermath of World War I, the Bolshevik's Revolution and now British withdrawal, Iran was rife with disruptive forces everywhere. Separatist movements flourished in Azerbaijan, Khorasan and in the northern provinces of Gilan and Mazandaran. A semi-nationalistic movement under Kuchik Khan threatened Teheran. Russia's fortunes were rising as the Bolsheviks gained momentum in Central Asia; Marxist doctrine had been redirected toward the East after its failure to exploit revolutionary expansion in the West and its success in recapturing Russia's large Asian territory.³¹

The Anglo-Persian Agreement of August 9, 1919 helped to focus anti-imperialistic actions onto the British. These nationalistic movements, such as Kuchik Khan's Jangali rebellion, lent themselves to Communist / Bolshevik machinations. The communists were able to exploit Iranian distress by claiming to support the nationals and decrying imperialist powers. At the Second Congress of the Communist International in 1920, the USSR adopted the doctrinal position that temporary alliances with "national revolutionary" movements could be utilized for Soviet gain, and that the masses in underdeveloped

countries could proceed directly to the establishment of Soviet Republics. Therefore, an alliance with Kuchik Khan was not only desirable, but theoretically acceptable to the
32
Bolsheviks.

The communists were able to infiltrate the Jangali movement through Ehsanollah Khan, Kuchik Khan's second-in-command. As a member of the Adalat Committee and the Persian Communist Party, Ehsanollah was able to
33
persuade Kuchik Khan to join forces with the Bolsheviks. Unfortunately, for both parties this alliance was ill-fated.

On May 18, 1920, Soviet forces landed in Enzeli with the purported mission of liquidating British and White Russian forces stationed in Gilan. In fact, they arrived for the underlying task of spreading the Bolshevik Revolution in accordance with an earlier agreement between
34
the Soviets and the Adalat Committee. The Gilan Republic was proclaimed on June 4, 1920 and modeled after the Bolshevik system. Despite the apparent Marxist success, a schism between Kuchik Khan's nationalists and the Communists developed by July 1920, and armed conflict ensued in October. The Soviets then chose to diplomatically woo the central government in lieu of arming regional rebellions.

The Soviet policy to aid Iran's nationalists through military activism was supported by theorists as early as 1918. Troyanovsky, in his Vostok i Revolutsia, reasons:

The primary task of Persia is to constitute the natural "basin" for the movement of political emancipation of Central Asia. ... Persia is the only path open to India. The Persian Revolution is the key to the Revolution of all the Orient... For the success of the Orient Revolution Persia is the first nation that must be conquered by the Soviets. ...35

Soviet support for the Gilan Republic was clearly in line with Troyanovsky's writings. However, the Bolshevik's Revolution was followed by an immense civil war and worldwide resistance to communism which debilitated the new nation. The Soviets could no longer afford to divert their energies from internal reconstruction. The Revolution outside the Soviet Union would have to wait.

Thus, Soviet domestic concerns prompted the change in foreign policy toward Iran. The young Soviet Union needed to retrench and consolidate her communist gains by focusing internally. Also, British withdrawal from northern Iran alleviated one border threat to Russia's Revolution. The new Soviet policy became one of non-militant support of powerful nationalists, such as Reza Khan.³⁶ The USSR sought to establish diplomatic relations with Teheran and to pose as Iran's disinterested and anti-imperialist friend. These Soviet overtures culminated in

the February 26, 1921 Treaty of Friendship between the two countries, putting them on amicable terms.³⁷ The Soviets withdrew their forces, and the Iranian government began the laborious process of centralizing its power under the leadership of Reza Khan.

The use of the 1921 Treaty as a Soviet propaganda tool and the withdrawal of British forces seemed to obviate the need for Soviet military intervention. Russia's best option lay in the cultivation of positive relations with the central government and the gradual infiltration of Iran by communist ideology. However, the Soviets shrewdly negotiated for a pretext to introduce Soviet forces into Iranian Territory if ever needed for Russian security. Article Five of the 1921 Friendship Treaty pledges both countries would deny their territory to any hostile third party. Article Six states that if a third party should militarily intervene in Iran or should use Iran's territory as a base against Russia and threaten Russian frontiers, then Russia had the right to intervene.³⁸ These articles would later be used against Iran.

CHAPTER TWO

Iran's Foreign Relations 1921-1941

The Rise of Reza Shah

While the Soviets were maneuvering on the military and diplomatic fronts, the British were trying to salvage their 1919 Agreement with Iran. Their attempt to find a pro-British nationalist to act as prime minister was unrealistic, so they were willing to settle for a government that included some pro-British interest. At this stage, Sayyid Ziya al-Din Tabatabai, a moderate nationalist with some pro-British sentiments, and Reza Khan, the commander of the Persian Cossack Brigade stationed at Qazvin, made plans to carry out a coup. British approval and support for this coup were low-keyed, but nonetheless apparent. On February 18, 1921, the Qazvin Cossacks began their advance, and on February 21, 1921, Reza Khan entered Teheran and seized power in an almost bloodless coup.³⁹

This coup was followed by the rejection of the 1919 Agreement with Britain and the acceptance of the Russian-Iranian Friendship Treaty. Within three months of the coup, Reza Shah had become the dominant force in

Iranian politics, and Sayyid Ziya was forced to flee the country and seek refuge in Palestine. Reza Khan consolidated his power carefully, and in April 1926, was⁴⁰ crowned Reza Shah.

Reza Shah's Foreign and Domestic Policies

Reza Shah was able to consolidate power and form a strong central government mainly because of the changed policies of Britain and Russia. Both Britain and Russia desired a strong government in Iran. The attitude of the two major powers during most of the 1921-1941 period constituted a "fortunate conjunction of external⁴¹ circumstances" for Iran.

The British wanted a strong Iran to act as an effective buffer between India and the Soviet Union. A strong Iran also guaranteed their position in the oil fields of Iran. Russia's position is best summed up by the Soviet Ambassador to Iran, Rothstein, when he expressed Soviet Russia's desire for "a strong central government" in Iran; only such a government, "which would be inevitably dependent on Soviet Russia", could prevent the⁴² "imperialist" activities of Great Britain in Iran.

Matching this change in external conditions was the change in the internal conditions of Iran. Both Reza

Shah's domestic and foreign policy sought to achieve political and economic emancipation for Iran. This meant a centralization and modernization that was unparalleled in Iran's history. The primary focus of this centralization and modernization process was military in nature. Reza Shah concentrated more and more on military affairs to enforce centralization of the country. He seldom made any official public appearances and avoided contact with foreign diplomats. He was the ruler of the nation, but not in the sense that he was the principal architect of her domestic reforms, nor the executor of the nation's foreign policy. His authority derived from his position as Monarch. He sat on the throne of Persia, presiding over the country as the Sardar-Sepah and the overlord of a military machine he had forged single-handedly. Military control bestowed upon him the power of the ultimate arbiter in decision-making.

Reza Shah, aware of his liabilities and inability to focus his efforts on all aspects of affairs of state, empowered administrators and ministers to run the government in his name. This heralded the genesis of the first triumvirate of the Pahlavi regime, which began to constitute itself in the period immediately following Reza's coronation as Shahinshah of Iran in April 1926. This governing triumvirate was headed by Teymourtash, the

first Court Minister of the Pahlavi dynasty. Upon the assumption of this position, he acquired a power similar to that of a Grand Vizir, which placed him in charge of both Iran's domestic and foreign affairs. The other two members of the governing triumvirate were Finance Minister Prince Firuz and Minister of Justice Davar, neither of whom ever occupied the post of Prime Minister. From 1926 to 1932 this position was nominal and subject to the control⁴³ of Reza Shah and the triumvirate.

In June 1926, Reza Shah officially appointed Teymourtash to take full charge of Iran's foreign affairs. This marked the beginning of a period of anti-British and more pro-Soviet foreign alignment since Teymourtash was a confirmed Anglophobe. Additionally, Teymourtash possessed distinctly pro-Russian proclivities, acquired as a cadet in the Imperial Russian Nikolaevsky Cavalry School at St. Petersburg. His ambitions and nationalist motivations automatically drove him in the direction of the Soviet Union whenever he consciously planned a move against Britain. His immediate task, nevertheless, lay in the unification of a desperate Iran⁴⁴ under the strong leadership of Reza Shah.

The rise of Teymourtash to prominence in Iran's foreign affairs took place during a period of increasing Anglo-Soviet rivalry. The paramount Soviet interest in

Iran was dictated by national security concerns. The Soviets tried to consolidate diplomatic bonds with Iran on a firmer foundation than that created by the first Treaty of Friendship between the Soviet Union and Iran in 1921. As a nationalist, Teymourtash's policy coincided with the policy pursued by Moscow in that both were directed against the British. Britain perceived that Teymourtash was a threat to them and did not spare any efforts to undermine the Court Minister's pro-Soviet orientation. Despite British pressure, Teymourtash and the Soviet Foreign Commissar Chicherin were able to get a series of treaties and agreements signed, including the important Treaty of⁴⁵ Non-aggression and Neutrality signed on October 1, 1927.

Teymourtash was playing a dangerous game in balancing the Soviets against the British, since the British posed the biggest threat to Reza Shah's regime through their control of the oil royalties. Reza Shah was particularly aware of the British threat and, at times, went out of his way to placate them, such as in the suppression of labor unrest in the oil provinces. Soon, Reza Shah not only feared the British, he was afraid of potentially powerful groups inside Iran, especially the triumvirate. Reza dealt his first blow to the triumvirate by ordering the arrest of the Finance Minister Prince Firuz. There now remained only Teymourtash and Davar as

the two most powerful figures in the government, and Reza deemed them expendable since their authority threatened him.⁴⁶

Nevertheless, Reza did not think he could rid himself of the Court Minister so soon, especially not without prejudicing Iran's good relations with the USSR. By 1930, these good relations were strained and beginning to deteriorate. The crisis that precipitated the decline in relations was the defection of the Iranian resident chief of the OGPU, Soviet secret police, to Iran. Agabekov's subsequent revelation of the defects in Iranian security were imputed entirely to Teymourtash, who was implicated and rumored to have been on the OGPU payroll. Toward the end of 1930 and the beginning of 1931, some minor officials were taken into custody- 250 in Teheran, 130 in Khorassan and 50 in Azerbaijan. No high-ranking officials named by Agabekov in his articles were arrested. The Shah responded to the crisis by ordering the Majlis to pass a bill, popularly known as the Anti-Communist Law, which prohibited all forms of sedition aimed at subverting the authority of the Monarchy.⁴⁷

Soviet-Iranian relations underwent further strain as border and trade relations deteriorated- the border due to massive numbers fleeing collectivization, and the trade problems caused by the world economic situation.

guarantees of Iranian political and territorial independence from Britain and Russia. Each pledged to withdraw her forces "not later than six months after all hostilities between the Allied Powers and Germany and her associates" had ceased.⁷²

Iran's difficulties with the Allied occupation were not over, but she now had an instrument to legitimize her demands for British and, particularly, Soviet withdrawal when the war ended. This treaty with the Allies also enabled Iran to become a founding member of the United Nations after the war, which Iran hoped to use in her foreign policy vis-a-vis the Soviets. Political development characterized by the mixing of domestic and foreign policy in Iran would continue during the war years, but at least Iranian independence had been secured from from external powers.

Internally, however, the Soviet Union and Britain both meddled; they encouraged the emergence of Iranian political parties to secure their respective goals. The Soviets had three ultimate objectives in Iran: to contain British and American influence, maintain friendly relations with the Iranian government and to establish an indigenous revolutionary communist organization.⁷³

The existing Tudeh Party and Democratic Party of Azerbaijan satisfied the Soviet's goal of a communist

Chapter Three

Iran's Foreign Relations During WW II

Iran Under Occupation

On September 16, 1941 Reza Shah was forced to abdicate the throne in favor of his son Mohammad Reza Shah, who was six weeks short of his twenty-second birthday. Iran was occupied much as it had been from 1909 to 1918. Domestic and foreign policy again became blurred upon Iran's acquiescence to Russian domination in the north and British control in the south. Occupation weakened Iranian centralized authority and allowed long-suppressed political forces to emerge.⁷¹

Iran's foreign policy was redirected by the Tripartite Treaty signed on January 29, 1942 between Russia, Iran and Britain. This treaty declared the formal shift in Iran's wartime policy from neutrality to a defensive alliance. Prime Minister Muhammad Ali Foroughi not only displayed artful diplomacy in negotiating with the Allies, he was able to get the hostile Majlis to accept the treaty. Despite Iran's occupation and apparent lack of negotiating leverage, Foroughi skilfully bargained for

I. Both policies failed to anticipate British and Russian reactions due, in part, to conflicting signals. Just as earlier Ottoman tactical victories confused Mustawfi's decision-making, the early Nazi victories could have accounted for Reza Shah's procrastination. He was hedging his bets and determining the winner, when the bets were suddenly called by the Allies. The Allies were partially to blame, too, for Iran's predicament. They failed, either intentionally or by design, to have impressed the seriousness of their position upon Reza Shah. Mohammad Reza Shah Pahlavi later conjectured:

If only the Allies had abandoned their circumlocation and had given Reza Shah an honest picture of their strategic predicament in its relation to Iran's interest, I think he would have seen the point."⁷⁰

Reza Shah was a realist and given a clear outline of the situation, this argument has much weight.

their respective occupation of Iran. Britain's attack was strictly related to a successful war effort, as Churchill explained:

The need to pass munitions and supplies of all kinds to the Soviet government and the extreme difficulties of the Arctic route,... make it eminently desirable to open the fullest communication with Russia through Persia. The Persian oil fields were a prime war factor....⁶⁸

Like Britain, Russia sought to expedite war goals and the transport of material aid from Britain and the United States through Iran. But she also had territorial ambitions in the occupied country. The draft of a Four-Power Pact drawn up in Berlin between Hitler and Foreign Commissar Molotov on November 13, 1940 divided the world into spheres of influence between Germany, Italy, Russia and Japan. During the negotiation on November 26, 1940, Molotov told the German Ambassador that the Soviet government was prepared to accept the draft of the Four-Power Pact, provided that "the area south of Batum and Baku in the general direction of the Persian Gulf is recognized⁶⁹ as the center of the aspirations of the Soviet Union."

Reza Shah's policies unwittingly provided the Soviets and British the pretext they needed for invasion. His foreign policy of neutrality, procrastination and the use of a third power counterweight is remarkably similar to Mustawfi al-Mamalik's policy at the outbreak of World War

need for trade concessions and for successful negotiation⁶⁵
as an equal with a Big Power.

Reza Shah's efforts to economically emancipate his country from Russia by substituting Germany for Russia as Iran's chief trade partner were a short-lived success because of World War II. Reza Shah had little choice but to declare a policy of strict neutrality- with Britain on his western and southeastern borders and Germany as his main trading partner. Also, the Nazi-Soviet pact seemed to⁶⁶
guarantee Iran's trade routes through Russia.

But the sudden German invasion of Russia on June 22, 1941 changed the whole situation for Iran. Her trade with Germany ceased overnight, and the German technicians and personnel in Iran immediately were considered hostile forces to Russia and Britain. After the invasion, Russia and Britain became allies once again. The last time they were allied, from 1907 to 1917, the consequences had been disastrous for Iran. History would repeat itself. The Russian and British diplomatic missions in Teheran presented to the Iranian government a memorandum demanding the expulsion of the Germans in Iran. Reza Shah procrastinated, and on August 25, 1941, both Russia and Britain invaded Iran. On September 17, 1941, they entered⁶⁷
Teheran.

Britain and Russia had differing interests in

Soviets. In June 1931, his government passed an anti-communist law forbidding all communist activities and propaganda. Between the government's campaign of suppression and the Soviet's lack of active support, the Iranian communist party had little effect on Soviet-Iranian relations during Reza Shah's reign.⁶⁴

The End of Reza Shah's Government

The advent of World War II interrupted the external stability of Iran after the 1921-1941 period. Prior to the war, Iran had managed to maintain the balance between Russia and Britain by successfully employing third power policy. Germany was Iran's third power in the 1930s, having become Iran's number one trade partner by 1939. One cause of the Iranian-German economic alliance was the failure of Iran and Russia to renew a trade agreement. The last Soviet-Iranian Treaty of August 27, 1935 had lapsed in 1938 when Iran pressed for a more equitable treaty and was refused. Another factor facilitating German-Iranian trade was the German-Russian agreement permitting transit of goods through Russia to Germany and Iran. Pressured by the good relations between Germany and Iran, Russia signed a comprehensive treaty of commerce and navigation with Iran on March 25, 1940. This treaty satisfied both Iranian

of how to establish a socialist society in areas that had not yet reached the capital epoch. His study on Marxism and the National and Colonial Question in 1913 had already established him as one of the foremost theorists in this field. Stalin believed that it was possible for a feudalistic country to skip the capitalist phase and establish socialism. These semicolonial areas could pass through a transitional stage with Soviet assistance and guidance before evolving into a socialist state. Last, he rejected self-determination of semi-colonial countries, believing that the "proletariat revolution" could and should be imposed upon a foreign people even if they⁶² opposed it.

The principles Stalin set forth continued to evolve at the Sixth and Seventh Communist Internationals held in 1928 and 1935. In 1935 the Soviets adopted the concept of tactical cooperation in which socialist and petty bourgeois unite in a "popular front". Although designed to counter the threat of fascism, the "popular front" policy would be adapted for later use in Iran.

Despite this talk of "popular fronts" and national liberation movements, the communists in Iran were not a significant force during the 1921-1941 period.⁶³ Reza Shah's hostile reaction to Iranian communists and his policy of persecution toward them was a set-back for the

that Reza Shah was a manifestation of a revolutionary change in Iran's history. Iran had passed from a semifeudal phase to a semibourgeois phase, and Reza's coup was an actual bourgeois revolution. This interpretation prevailed, and Reza Shah's regime was declared a national liberation movement- anti-imperialist and semibourgeois in character.⁵⁹

Having nominally sanctioned Reza Shah's regime, the Soviets sought to resolve foreign policy objectives regarding Iran using a still-evolving doctrinaire: What is the role of colonies and semicolonies in the proletariat revolution? Can countries skip the historical development stages stated by Marx? What degree of self-determination is desirable? Stalin addressed these issues at the Tenth Congress of the Russian Communist Party in 1921. He believed semicolonies such as Iran formed a "direct reserve" in the war against capitalistic states.⁶⁰ The participation of colonial areas in the struggle against capitalism was a tactical asset to proletariats leading to the transformation of their societies. Stalin saw natural allies in countries like Iran:

the road to victory of the revolution in the West lies through the revolutionary alliance with the liberation movement of the colonies and dependent countries against imperialism.⁶¹

Stalin solved the historical development problem

encroachment by these two powers while implementing a rapid modernization program. He followed the traditional practice of balancing British and Russian rival interests without having to yield concessions to them that infringed on Iran's sovereignty. Reza Shah was able to use the same foreign policy formula that had marked the history of Iran prior to his time because of the relative stability of the 1921-1941 period in which Britain and Russia did not directly threaten Iranian integrity.

Soviet Acceptance of Reza Shah's Government

Russian foreign policy regarding Iran and specifically Reza Shah's regime was largely dictated by the Soviet's need to retrench and deal with her own domestic problems. Yet, doctrinal beliefs also colored the Soviet's attitude toward Iran under Reza Shah. The Shah's overthrow of the Qajar Dynasty in 1925 gave rise to a controversy and two schools of thought among Soviet Marxists. One, represented by Vissanov, maintained that Reza Shah was placed in power by the British and linked to the feudal strata of Iranian society. His coup did not constitute a social revolution, only a change in dynasties.⁵⁸ The other school was advocated by V. A. Gurko-Kriazhin, F. Raskolnikov and others. They believed

What counts in Persia is North Persia only, and this region is fully dependent on Russia. All north Persian products that must be exported can find their only market in Russia. If we Russians stop buying them, Persia is bankrupt in one month.⁵⁶

To reduce Iran's economic dependence on the Soviet Union, Reza Shah used ad hoc trade agreements before launching his major reform projects. Essentially, he aimed to: 1) industrialize Iran and reduce imports, notably in the textile industry, 2) introduce a foreign-trade monopoly to deal with the Soviet's centralized system and protect Iranian merchants and 3) construct a railway system linking the Caspian Sea to the Persian Gulf. The financing and construction of the railway system showed Reza's domestic and foreign policy working well in tandem. He dispensed with the need for foreign aid by levying dedicated taxes on tea and sugar for the specific purpose of financing the rail system. Iran bid out general construction and contracting for equipment to several countries, avoiding dependence on any single country. Work began on the railway system on October 17, 1927 and was⁵⁷ completed in December 1938.

Reza Shah's foreign policy up to 1941 reflected a realistic appraisal of Iran's position between Britain and Russia. His employment of third power politics against them was successful; through its use he was able to limit

orientations that would be difficult to change. Traditional dependence of northern Iran on Russian markets would have to be terminated if Iran was to control its destiny. To achieve this goal of economic emancipation vis-a-vis the Soviet Union, Reza Shah's foreign economic policy regulated trade through temporary short-term agreements while pursuing internal economic reforms aimed at long-term independence. In other words, he employed the old ploy of buying time through trade concessions.⁵³

The importance of Soviet trade was accentuated by the geographical isolation of the rich Caspian littoral from the southern part of Iran, with its attendant lack of communication and trade links. From 1921 to 1925, trade between Iran and Russia increased tenfold; 40 percent of Iran's exports, exclusive of oil, went to Russia. Imports from Russia to Iran rose from 12 percent of Iran's imports in 1920-1924 to 32 percent in 1930-1934. Later this proportion would drop to 24 percent when Iran's third power policy favored Germany from 1935 to 1939.⁵⁴ Northern Iran's importation of 85 percent of its domestic oil needs- mostly kerosene- from Russia in 1923 illustrates the lack of north-south transportation within Iran.⁵⁵ The USSR's stranglehold on Iran's economy was confirmed by Soviet Ambassador Petrovsky in a conversation with Wipert von Blucher, the German Minister:

A. C. Millspaugh was hired in his stead to take charge of the financial administration of Iran. After three years of successful work from 1922 to 1925, Dr. Millspaugh was forced to leave upon termination of his contract in 1927. Reza Shah would no longer concede Millspaugh the extensive powers he required to do his job.⁵¹

Use of a third power was only one facet of Reza Shah's foreign policy. Nationalism especially dominated his foreign and domestic politics. Reza Shah advocated an intense nationalism/statism bordering on cult-like dedication. He saw the rapid adoption of Western material advances as the principle means to assert this nationalism. Reza Shah's national fervor directed all his foreign policy decisions and eventually led to his downfall.⁵²

Soviet-Iranian Relations During Reza Shah's Era

Relations with Russia constituted one of Iran's most difficult problems, even after the withdrawal of Soviet forces and the cessation of Soviet-backed rebellion in Iran. Iran was faced with combating a new form of Russian imperialism- one cloaked in Communist ideology, but still aiming for political and economic domination. Russian dominance over the northern part of Iran for more than a century had led to institutional trade patterns and

Teymourtash's judicious murder closed one complete act in Soviet-Iranian relations. It was an event that was soon to lead to a transformation of the Soviet position in Iran. In the wake of his demise, none of the economic and political agreements Teymourtash had agreed upon with the leading members of the Narkomindel in the early thirties was adopted by the Iranian Government. Reza had grown too suspicious of the Soviets.⁴⁹ After the dismissal of Teymourtash and other Triumvirate members, all of Reza Shah's counselors unfortunately became creatures of his making. He kept his own council without independent advisors or vigorous dissent during the second half of his reign.⁵⁰

Much of Reza Shah's foreign policy was based on the lessons learned by the nationalists during the Constitutional period. Use of a third power policy was a central element of Reza Shah's foreign focus for two reasons. First, presence of a third power in Iran would act as a counterweight against retention or expansion of influence and control by Britain and Russia. Second, Iran needed to secure financial and administrative aid from a source other than Britain or Russia. The United States was initially chosen as the third power and, just as during the Constitutional period, refused to be officially involved. Iran's desire to rehire Shuster was not possible, so Dr.

Teymourtash was held responsible for Soviet relations, and this association made him unpopular with anti-Soviet forces as well as with Iranian merchant and religious classes. The Soviet connection with the anti-British movement, which was by definition anti-Monarchist as well, forced Reza Shah to act against Teymourtash and the other anti-British forces that he did not control. The Shah had always believed that the salvation of his dynasty lay in Britain's hands and not in Moscow's. If he were ever to reach an accommodation with the British over the oil crisis of the D'Arcy Concession cancellation, he needed to publicly link the Court Minister with Britain and not with Moscow, because of popular anti-British sentiment. This would allow the Shah to use Teymourtash as a scapegoat and signal to the British, through his removal, that a more pro-British policy would be adhered to. Teymourtash was arrested in late 1932 and accused of planning a secret deal with the Anglo-Persian Oil Company. But the charge of an illicit connection with the British proved untenable and was dropped. A more expedient pretext of corruption was⁴⁸ finally used to maintain legality.

Reza Shah's agents murdered Teymourtash on October 3, 1933 using slow poison. On October 7, however, the Persian press reported his death in prison as occurring on October 4, and due to heart failure and pneumonia.

movement in Iran. Successor to the Persian Communist Party, the popular Tudeh traced their origin to the Adalat Committee of Baku. Its founder, Dr. Taghi Erani, was a Berlin-educated physicist from Azerbaijan who was arrested with fifty-two of his followers in January 1938. Dr. Erani died in prison on February 4, 1940, but the roots of Tudeh communism had been planted.⁷⁴ After Reza Shah's forced abdication by Russia and Britain, Mohammad Reza Shah released the remaining members of Erani's group. On September 29, 1941, the Tudeh Party officially formed under the leadership of Sulayman Iskandari, the respected radical prince and former constitutionalist who had presided over the Socialist Party from 1921 to 1926. Conditions were ripe for the growth of the party, and the Tudeh exploited the war years to become a major power in Iranian politics up to 1953.⁷⁵

The Tudeh Party became strongest in the northern occupation zone where Soviet forces exerted control. No other political party was allowed to exist, and the Soviets permitted only supporters of the Tudeh Party to participate in government within their sector.⁷⁶ Manipulation of the Tudeh Party was a new ploy in Soviet machinations of Iran. Old Russia had attempted to extend her hegemony by overt imperialistic force, and her paid Iranian agents were recognized as Russian agents. The new

Russian tack of utilizing communist ideology and indigenous Iranians instead of direct subversion was a shift in tactics, but not in strategy- it was still imperialistic in seeking Soviet domination over Iran. The Tudeh was a particularly clever tool of Soviet indoctrination: its true intentions were cloaked in nationalism and its appeal was broad. Time would diminish communism's attraction in Iran, but during the war years and up to 1953, it would be a powerful instrument for Soviet interests. Paradoxically, the Tudeh's blatant use by the Soviet Union would eventually prove its undoing.

The Soviet connection with the Tudeh was not evident during the 1943-1944 elections for the Fourteenth Majlis, and the Tudeh gained about twenty percent of the vote. The Tudeh's total, while not a majority, was the largest block of vote for any single faction. The Tudeh had emerged in 1944 as the only well-organized mass political party in Iran.⁷⁷ The strength of the Tudeh ironically lay with the expanded proletariat class from Reza Shah's modernization and industrial reforms. Communist ideology in support of working people appealed to many urban salaried middle classes and industrial laborers.

The Tudeh also attracted a large following because of its ability to organize labor. By 1944, there were four major labor unions in Teheran under independent

communist leadership and with a combined membership of 10,000 people. In them, the Tudeh saw an opportunity to swell their ranks. With the end of the war in sight, there was no longer a need to refrain from union activities such as strikes that earlier would have adversely affected Russia's war efforts. On May 1, 1944, the Tudeh utilized their own trade union organization, the Central Council of the Trade Unions of Iran, as a nucleus around which to unify these four independent unions. Leading members of the Tudeh Party's Central Committee sat on the Union's executive committee and assured its political control.

Up until 1953, much of Russia's foreign policy toward Iran would be conducted either directly through the Tudeh and the Democratic Party of Azerbaijan or through their pressure as an adjunct of Soviet diplomatic efforts. Even so, the Tudeh had taken care to avoid any appearance of being connected with Russia. They claimed they were Marxists, and not Communists, to mask their Soviet sympathies and to bypass the 1931 anti-communist law. The Tudeh's subordination to the Soviet Union was clearly revealed, however, during the 1944-1945 oil crisis.

The 1944-1945 Oil Crisis

An Iranian oil crisis came about as the war was drawing to a close and East-West differences between Russia, Britain and the United States were beginning to show. In March 1944, representatives of the Shell and Standard Oil companies applied for oil concessions in Iran. Their proposals were rejected, but Iran commissioned two American petroleum geologists, A. A. Curtis and Herbert Hoover, Jr., to report on the resources of the country. This Iranian interest in American oil companies paralleled Iran's initiative in acquiring two military missions and a second Millspaugh financial mission at this time: Iran clearly sought to deepen American involvement in application of her third power policy. On September 2, 1944, the Iranian cabinet decided to defer oil concessions until after the war and withdrawal of foreign troops. Despite this decision, Russian Assistant Commissar for Foreign Affairs, Kavtaradze, requested a Russian oil concession in northern Iran. He, too, was turned down.⁷⁹ In dire need of Iranian oil, the Soviets decided to pressure the Iranian government for the concession, using⁸⁰ diplomacy, propaganda and the Tudeh.

Kavtaradze held a press conference at the Soviet Embassy on October 24 and denounced Premier Saed for his

refusal to grant a Soviet oil concession. Kavtaradze appealed to the Iranian press for support of the Soviet position. Massive demonstrations against the government were held in the Soviet zone, and in Teheran, Soviet army trucks carried Tudeh demonstrators to the Majlis. Red Army units neutralized Iranian Army Security Forces at the Teheran rally. Only the Tudeh supported granting the Soviet oil concession. The Tudeh, exposed as a pro-Soviet tool,⁸¹ soon lost its support from progressive nationalists.

The Tudeh continued their agitation and called for a demonstration on November 7 to commemorate the Russian Revolution. Premier Saed, with the Shah's consent, cracked down on the Tudeh by having police raid their headquarters and disperse demonstrators. This strong-arm tactic against the Tudeh hastened the fall of Saed's government. On November 9, 1944 he resigned and was succeeded by Premier Morteza Qoli Bayat.

The oil crisis was dramatically ended by Dr. Mohammed Mossadegh, the leading independent nationalist in the Majlis. He was able to override Tudeh pro-Soviet consensus with an anti-foreigner appeal to the rest of the Majlis. On December 2, Mossadegh introduced a bill prohibiting oil negotiations with foreign countries by Iranian ministers of state while Iran remained under the occupation of foreign troops. The right to sanction all

oil concessions was given to the Majlis, which approved Mossadegh's bill over Tudeh opposition. Mossadegh rejected the Tudeh's policy of "positive equilibrium", whereby both Britain and Russia receive equal concessions. Conversely, he promoted a "negative equilibrium" of giving no concessions. He aimed to preserve current Iranian sovereignty over its northern territory and then reestablish control over the south from the British. Mossadegh's policy was to throw the two powers out and keep⁸² them out.

The Azerbaijan Crisis

Having failed to achieve their goal through use of the basically nonviolent Tudeh Party, the Soviets decided to use more direct pressure. They resorted to power politics in encouraging and arming separatist movements in Azerbaijan and Kurdistan. To incite hostilities, the Soviets mobilized both major communist factions in Iran- the Tudeh and the Azerbaijan Democratic Party. The Tudeh was to intensify its civil pressure, stopping short of an armed attempt to seize power, while the Azerbaijan Democratic Party and its Kurdistan corollary, the Kumeleh, were to resort to open rebellion in⁸³ the provinces. Soviet occupation of north Iran would

prove convenient to the Azerbaijan rebels, since the Soviet army could act as a screen and prevent the Iranian military from interfering.⁸⁴

The Soviets were willing to work with the Azerbaijani communists, despite differing party orthodoxy and allegiances. The Democratic Party of Azerbaijan, or the Firqah-i Dimokrat, was a communal organization appealing exclusively to the people of Azerbaijan. Its founder was Ja'far Pishevari, a life-long communist with official credentials: the first Secretary of the Adalat Committee in Baku, one of three Secretaries of its successor Communist Party of Iran, a participant in the Jangali movement and a member of the nine-man executive committee heading the Soviet Socialist Republic of Gilan. When Reza Shah imprisoned Pishevari from 1925 to 1941, he made contact with Dr. Erani's communist group. But he came into ideological conflict with the Tudeh in his de-emphasis of class connotations and his stressing of national identity. After prison, Pishevari announced the formation of the Firqah-i Dimokrat in September 1945. Immediately, he was able to absorb the local Tudeh Party⁸⁵ and convene the first party congress that October.

On November 15, 1945 the Soviets began to distribute arms to the Firqah-i Dimokrat. The next day they launched their revolution in Azerbaijan. Soviet

intervention in support of the rebellion limited the amount of bloodshed since their overwhelming forces discouraged any official resistance. Whenever the rebels challenged a military or police station, Soviet troops would appear and inform the Iranian commander to submit to the rebels. This pattern of Soviet interference was demonstrated when a relief column sent by the central government on November 20 was halted near Qazvin by a Soviet military force and⁸⁶ turned back. This Soviet signal to the central government ended any military opposition to the rebellion.

The Soviet's use of power in an indigenous rebellion posed the gravest threat to Iranian independence since the 1941 invasion. Later, Iran's sovereignty was further threatened when the USSR refused to withdraw her occupation troops on the day designated by the Tripartite Treaty of 1942. Evacuation Day fell on March 2, 1946, six months after the cessation of hostilities, but the Soviets made no show of leaving as pledged. Tensions heightened on March 4 when fifteen Soviet armored brigades poured into Iran along the Turkish and Iraqi frontiers and toward central Iran. This maneuver was actually a ploy to press Turkey into territorial concessions, but when it failed, the deployed Soviet forces were used to exert pressure on⁸⁷ the Iranian government, instead.

An alarmed Majlis elected a new prime minister,

Ahmad Qavam, who, it was believed, could deal more effectively with the Soviets since he had both nationalist and leftist support. Qavam launched an intensive bilateral diplomatic effort toward resolving the crisis. On April 4, he reached an agreement calling for the complete withdrawal of Soviet forces by May 9, 1946; in exchange, the Iranians pledged to peacefully resolve the Azerbaijan problem through a separate agreement between the central government and the Tabriz regime and to give the Soviets a 51 percent controlling interest in a joint Soviet-Iranian oil company.

On the face of it, both nations achieved their minimum objectives with this compromise; in fact, Prime Minister Qavam had skilfully manipulated the Russians. As stipulated in the agreement, the oil concession was subject to approval of the yet to be elected Fifteenth Majlis. The seven-month deadline for submitting the draft agreement to the new Majlis gave the Soviets a vested interest in normalizing the domestic political situation in Iran before the general election. To pre-empt the leftists from acting in opposition and to show "good faith" to the Soviets, Prime Minister Qavam included three communists in his cabinet. This appeasement enabled Qavam to forestall
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a leftist power bid and stabilize the political scene.

Qavam's eventual success depended on achieving

domestic stability in spite of communist agitations to undermine it. The Tudeh had become the largest political organization in the country after a spurt of rapid growth. By August 1946, it had a core membership of 50,000 and a total roster of 100,000 active members. Together with the Democratic Party of Azerbaijan and Kurdistan and through its several trade unions, the Tudeh could mobilize about 335,000 political supporters- a formidable force.⁸⁹ Qavam's genius lay in his ability to halt the Tudeh's momentum and in a short time reverse it.

After the Soviets withdrew the Red Army from Azerbaijan and Kurdistan in accordance with Qavam's agreement, he sent the Iranian Army there under the pretext of supervising free and fair elections. The separatist regimes collapsed without Soviet support. The USSR was intent upon acquiring Iranian oil concessions in return for its non-interference and needed to preclude costly international ventures to rebuild its own war-torn nation. The Soviets were also concerned about the threat of active U.S. support for Iran.⁹⁰

After Qavam's success in northern Iran, a general election produced a parliamentary majority for the prime minister through his new party, the Iranian Democratic Party. The Fifteenth Majlis refused to ratify the drafted oil concession treaty with the Soviets as Qavam had

expected. Thus, Qavam ended the Iranian-Soviet crisis, regained Iranian territory and prevented communist control of his government.⁹¹

The Tudeh was left as the only communist movement in Iran after the military recovery of Azerbaijan and the demise of the Azerbaijan Democratic Party. Its working relationship with the Soviet Union needed reevaluation after 1946: the Soviets had abandoned the Azerbaijan liberation movement for the sake of its oil concession, and the Tudeh's Soviet connection had been exposed during the oil crisis. A weakened public image temporarily crippled the Tudeh's effectiveness. It was decided the Tudeh should publicly, but not actually, "disassociate" with Moscow and use "United Front" tactics over open opposition to the Iranian central government.

Iran's Abandonment of the Balance of Power Policy

To the central government, the Azerbaijan Crisis revealed a need to shift the basis for Iran's foreign policy. Since the early 1800s, Iran had relied on two major diplomatic ploys: balancing its powerful Russian and British neighbors against the other and employing a third power to offset external pressures. Following World War II, a new world system emerged that precluded

Iran's use of traditional foreign policy principles. Dispersed power relationships among four or five major European states gave way to their bipolar alignment along an East-West axis. After the Azerbaijan affair, a Cold War reality altered Iran's international focus and strategy⁹² for securing her sovereign self-interests.

Iran's balancing of the Anglo-Russian rivalry to check especially Russian encroachment became ineffective upon the contraction of the British Empire after World War II. As before, British interest in Iran would continue in oil economics, but Britain was no longer the regional political rival to Russia that she previously had been. After the United States emerged as the other world power and with an interest in Iran, an American-Soviet rivalry seemed to replace the Anglo-Russian contest: the Azerbaijan Crisis is often considered to be the first overt conflict of the Cold War, pitting East against West.

Despite similarities of Big Power competition, Iran's policy of balancing powers cannot be applied in toto to the new global conflict between the U.S. and the Soviet Union. The old Anglo-Russian rivalry was based largely on the proximity of the two Empires. Once Britain started her post-war withdrawal east of Aden, British presence no longer threatened the Soviets and provided Iran with a foil against her territorially ambitious neighbor. The

need to stop Russian advances was still present, but the United States could not provide the geographic leverage against the Soviets as had the British Empire. Iran's other strategem of using an independent third power for her sovereign protection was equally infeasible in a bipolar world.

The introduction of new ideologies also compelled Iran to readjust her foreign policy. Before the war and retreat of the old Colonial Powers, the spread of communism had been somewhat curbed by their imperialistic interests. The Cold War resurgence of communism and its use as a Soviet tool of penetration posed a new threat to Iran- one from within. The communist challenge wholly changed Iran's relationship with the Soviet Union.

Nationalistic ideology also prompted a change in Iranian foreign relations. This powerful counterforce to communism had developed within Iran in response to a century and half of foreign interference. But nationalism dictated an independence of action which would prove irrational in the new bipolar world.

Iran's period of traditional diplomacy had ended. Iran would have to experiment for a successful international strategy during the Cold War.

Chapter Four

Iran's Non-alignment Policy During the Cold War

Iran's Post World War Two Policies

The postwar era in Iran was one of growing independence, with rising militant nationalism internally and increased nonalignment externally. The wartime occupation of Iran by Russian, British and American armies had destroyed much of the old internal political structure. New political parties as well as previously suppressed factions emerged in the aftermath of World War II. The one common denominator these groups shared was nationalism. The broad movement of Iranian nationalism included diverse goals, but the ultimate aim of removing the Great Powers Russia and Britain from Iran was its acid test. Nationalists soon realized the obvious way to eliminate imperial presence in Iran would be through curtailment of foreign oil rights.

The Azerbaijan Crisis of 1945-46 had dealt with the Soviet threat over territory and oil rights in the northern half of Iran. The Majlis soundly rejected the Russian oil concession nominally arranged by Qavam during

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therefore expresses its opposition to it.

The Majlis' unanimous adoption of the commission report pressured the government to withdraw its agreement and resume negotiations with the company for more royalties.

Since the National Front's opposition to the agreement had been associated with its demand for nationalization, the government's retraction of the agreement was regarded as an implied endorsement of nationalization. The National Front's ability to legitimize its nationalization goals further consolidated and swelled its ranks. This political momentum allowed Mossadegh to push for a radical policy in the renegotiations. Addressing the commission on February 21, 1951, he rejected the fifty-fifty profit-sharing proposal between Iran and AIOC as an affirmation of the earlier 1933 Agreement. Mossadegh asked the Iranian people why they should share in oil revenues when they could be the sole owners. His hostility to foreigners in Iranian domestic affairs shows in his emotional assessment that

the source of all the misfortunes of this tortured nation is only the oil company. The telling evidence for this is to be found in the events and miseries of this nation during the last fifty years and particularly the events of the recent two years, including numerous attempts on life and assassinations.¹¹⁷

The oil commission next queried the new Premier General Razmara on the pragmatics of nationalization.

exploration, extraction and exploitation shall be in the hands of the government.114

Mossadegh fervently opposed foreign intervention in his country. He believed utilization of Iranian oil resources by Iran would bolster her underdeveloped economy to higher levels of productivity and employment. But Mossadegh anticipated the chief criticism of nationalization as a costly and premature action by underscoring its political benefits to the Iranian people:

I believe more in the moral than economic aspects of nationalization of the oil industry. Assuming that we could not extract and sell as much oil as the company, we should be able, under any circumstances, to satisfy domestic consumption and secure the equivalent of current revenues received from the company; the remaining oil should stay in the ground until the future generations could better benefit from it.115

The National Front's proposal for nationalization was discussed during the twenty-third through twenty-fifth meetings of the oil commission. As Mossadegh had anticipated, the opponents of nationalization argued that its implementation would be expensive and logistically difficult, given a hostile Britain. The Nationalists' emphasis on sovereign rights as a political necessity held sway, however, in condemning the Supplemental Agreement. In its recommendation to the Majlis, the commission,

after study and discussion, has reached the conclusion that the Sa'id-Gass Supplemental Agreement does not secure the rights of Iran and

of the "invalid" 1933 Agreement by virtue of its attachment as an addendum. Even though royalty terms were made more favorable to Iran, the original concession period remained unaltered and in effect through 1993. Incensed by the continued compliance of their government in accomodating British interests, nationalistic factions agitated for local control of Iranian resources.

The "local control" issue crystallized into a demand for nationalization in 1949. Deputy Abbas Iskandari first openly advocated oil nationalization, citing Burmese precedent.¹¹³ But the heated oil policy debate and the Agreement's ratification were not resolved in the short remaining period of the 1949 Majlis. Not until the following year did the radical National Front Party leader Mossadegh eventually parlay opposition to the Supplement Agreement into a pro-nationalization oil policy for Iran.

Carried by the mounting oil controversy, Mossadegh and eight of his National Front followers were elected to the Sixteenth Majlis of 1950. A special eighteen-member commission to study Iranian oil issues was convened on June 20, 1950 and selected Mossadegh as its chairman. The following November 6, Mossadegh delivered the official National Front dictum that

the oil industry of Iran be declared as nationalized throughout all parts of the country without exception. Namely, all operations for

Prior to the Soviet oil bid rejection in 1947, the AIOC was engaged in secret negotiations with Iran. Talks continued under the Sa'ed government but were hindered by the new Iranian policy change. In 1948-49 Minister of Finance Abbasquli Gulsha'iyani confronted the British with the need to revise the Oil Agreement of 1933.¹¹⁰ The AIOC representative balked at wholesale revision, since post-war oil sales under the Agreement's existing terms were a source of badly needed dollars for Britain.¹¹¹ But Iran also needed capital to start-up her ambitious developmental program. Looking to oil revenues, she forced the AIOC to renegotiate royalty and tax amounts awarded the Iranian government. Iran proposed an equal sharing of profits between company and country, as practiced in Venezuela and other oil-exploited countries. Iran also wished to limit the concession duration and impose a 15-year review period upon future agreements. All these terms were unpalatable to the British, and negotiations broke down on June 11,¹¹² 1949.

Surprisingly, on July 17, 1949 the Supplemental Agreement surfaced with the Iranian government and the AIOC in accord. Submitted two days later for Majlis approval, this bill ignited vehement opposition against the AIOC and the current Iranian government. The overriding objection to the Supplemental Agreement was its implicit confirmation

CHAPTER FIVE

The Oil Crisis of 1950-1953

Background

The origins of the Oil Crisis of 1950-53 go back to the Iranian's belief that the 1933 Oil Agreement was inequitable and coercive. Growing nationalism and waning British power in Iran prompted a redress of this early agreement. Iran eventually would be seated as an equal at the negotiation table or would usurp foreign oil rights altogether.

The Iranians first served notice of their discomfiture with foreign oil rights in 1944. Mossadegh sponsored a bill prohibiting oil concessions without reasonable time limits and Iranian control. These new constraints ended the Soviet bid for a concession and would later thwart the British in their oil interests. Mossadegh advocated a national oil policy of "negative equilibrium" which aimed at reducing both the Russian and British presence in Iran by frustrating their oil rights. This anti-foreigner doctrine was a dramatic reversal of the earlier "positive equilibrium" policy of granting balancing concessions to Russia and Britain to keep them in check.

ending of hostilities. On October 3, 1950, he convened a joint border commission to settle outstanding boundary claims. This breakthrough in Soviet-Iranian relations was quickly followed in November by a barter trade pact worth an estimated \$20 million. In response, the Soviets released nine Iranian border guards who previously had been captured. Soviet reconciliation even extended to the planned return of eleven tons in gold bullion seized during the war.¹⁰⁹

This Soviet goodwill diplomacy countered the United States' \$25 million dollar loan and signified a shift in cold war tactics. A carrot and stick approach became a Soviet trademark.

During the build-up of Soviet-American cold war maneuvers in Iran, the Soviets found an unexpected ally in Britain. British support for the Soviets was tacit and related only to the 1947 oil crisis. The British feared that if the Iranian government rejected the Soviet demand for a northern oil agreement, they might be tempted to challenge the Anglo-Iranian concessions in the south. British trepidation was based on an accurate assessment. Following the Majlis 102 to 2 resolution nullifying Qavam's oil agreement with the Soviet Union, it simultaneously called upon the Iranian government to negotiate with the AIOC to secure Iran's national rights to its southern oil fields.

At the opening session of the Cominform in September 1947, Andrei Zhdanov delivered a major policy pronouncement known as the Stalin-Zhdanov Doctrine of Rigid Bipolarity. This doctrine marked a return to orthodox Communist ideology in its demarcation of the world into polarized camps of American imperialism and Soviet socialism. Under such a bipolar scheme there was no place for a third and uncommitted position. Genuine neutralism was conceptually inadmissible and condemned as dishonest for disguising a client relationship to imperialism.¹⁰⁷ Iran seemed to be flirting with a western alliance without confirming her status as friend or foe to the Soviet people.

The Iranian-Soviet cold war intensified into a series of border skirmishes as the Soviets attempted to pressure Iran into rejecting western aid. On March 22, 1949, a detachment of fifty Soviet troops killed an Iranian soldier and captured two others in the Gorgan district. Two weeks later, a Russian regiment supported by tanks and armored cars made a foray into Azerbaijan and attacked an Iranian army post.¹⁰⁸ These pressure tactics continued until the summer of 1950 when Iranian-Soviet relations dramatically changed under the premiership of General Ali Razmara.

Razmara was instrumental in substituting Soviet strong-arm tactics with peaceable negotiation for the

Perceived U.S. interference in Iranian-Soviet affairs provoked the Soviets to counter. The October 1947 American technical military aid agreement with Iran prompted a Soviet diplomatic attack on Iran. On January 31, 1948, the Soviet Embassy delivered a note to the Iranian government setting forth its interpretation of United States activities in Iran:

All training of the Iranian Army was entrusted to the United States military mission; the United States acquired a monopoly of sensitive military positions, and to the extent that the agreement subjected the Iranian military establishment to United States influence it ceased to be the army of a sovereign independent nation.¹⁰⁵

The note further charged that Iran was being transformed into an American base with military establishments under American supervision near the Soviet border. Such a military build-up was a flagrant violation of the Irano-Soviet Treaty of 1921 and, hence, the Soviet government demanded Iran take corrective measures.

Much of the Soviet's apprehension over the U.S. presence in Iran relates to Soviet Cold War strategic objectives. While the USSR was primarily concerned with consolidating her power in eastern Europe, she also sought to establish influence in border areas not under Moscow¹⁰⁶ control. Also, Iran's deliberate and unprecedented attempt at "non-alignment" with a western bias proved too ambiguous for Soviet officials.

ally of the U.S. The elevation of Iran's importance within American foreign policy was signaled by the sudden withdrawal of Ambassador John Wiley and the appointment of Dr. Henry F. Grady who was empowered to develop an aid package for Iran.¹⁰¹ The Mutual Defense Assistance Program agreement was signed May 23, 1950, and \$10 million worth of military support was sent to Iran.¹⁰²

Soviet Policy

Soviet foreign policy toward Iran from 1945 until 1950 was more consistent, if not more belligerent, than that of the United States. As Soviet attempts to establish influence in Iran foundered in 1947 over their demand for an oil concession, Soviet propaganda and diplomatic efforts escalated into intimidation. The Soviet ambassador allegedly warned Qavam on September 10, 1947 that Russia would consider Iran a "bitter blood-enemy" if the Majlis did not ratify the oil agreement.¹⁰³ This threatening tack contrasts markedly with U.S. assurances to uphold Iranian sovereignty over the issue. The following day the American ambassador told the Irano American Cultural Society that "Iran's resources belong to Iran," and that "the American people will support fully their freedom to make their own choice."¹⁰⁴

independence.

Fortunately, Iran was minimally able to secure U.S. defensive assistance in this postwar period. An October 1946 agreement between the two countries extended Iran credits for the purchase of surplus war equipment. The U.S. also offered diplomatic assurances upon the Russian Oil Concession Treaty issue that Iranians were free to reject ratification; the implicit promise to counter any Soviet reprisal was backed up by an October 16, 1947 American military aid agreement with Iran.

By 1950 Iran's position as supplicant for American aid changed to one of willing receiver. The U.S.-Soviet Cold War had escalated into a global conflict, and the Americans launched a major program of foreign aid to meet her worldwide security objectives. Americas's containment policy sought to establish and strengthen non-communist regimes capable of resisting aggression. Military assistance would provide internal security and ward off direct invasions. Diplomacy, both overt and covert, would be exercised to help a country's internal forces maintain a non-communist stability.

Iran qualified for American concern now that she was perceived as a buffer state to Soviet expansion. More military aid would be forthcoming, and the Iranian traditional elite would become the expedient and natural

Export-Import Bank finally agreed to a \$25 million dollar loan to Iran, but this fell far short of the \$250 million⁹⁸ in costs projected for their development Plan. A year before this offer, the Shah made an unfruitful trip to the States seeking capital investment monies:

I traveled to Washington for the first time to plead for increased economic and military aid. I received a friendly reception, but returned home empty-handed.⁹⁹

He aired his grievance to the American people:

Of course I know your way of thinking better than my people. But they find it astonishing the country isn't helped more. We suffered during the war and were promised economic assistance originally by the Teheran Declaration ... We aided the Allied cause and are getting very little ... The economic level of this country must be raised to achieve a decent standard of civilization and avoid threat to internal stability.¹⁰⁰

The Shah's empty-handed return to Iran damaged his prestige and frustrated Iran, eventually helping to radicalize Iranian politics.

Iran failed to attract overt U.S. interest in the early postwar years because American attention was focused against the Soviet threat in Europe- through the Marshall Plan, Truman Doctrine and the North Atlantic Treaty Organization. This diversion created a dangerous situation for Iran since the Soviets had shown their acquisitive intent during the 1944 Oil and 1945 Azerbaijan Crises. The start of the Cold War now become a threat to Iranian

Iranian state police forces. Administrative considerations during the war prompted the establishment of a financial advisory mission headed by American Arthur Millspaugh.⁹⁶

By 1946 Iran was able to prioritize her economic redevelopment once the military threats of the war and the Azerbaijan Crisis were over. Buoyed by American military aid during the war and her diplomatic support during the Crisis, Iran naturally sought financial help from the United States. On September 9, 1946 Prime Minister Qavam officially requested \$45-50 million in financial credits to reestablish Iran as a viable nation. He promised the country would institute economic planning and, on the advice of an American consultant Max Thornburg, contracted with Morrison-Knudsen International to propose an economic development plan. Iranian officials formulated the First Seven-Year Development Plan, using Morrison-Knudsen recommendations. It was signed into law on February 15, 1949. A syndicate of eleven United States engineering and management firms called Overseas Consultants, Inc. was hired to handle the technical details of implementing the Plan.⁹⁷

Despite these strenuous efforts to qualify for financial aid, Iran was refused adequate funding by the United States as they wanted a more stable investment environment. Nonetheless, in 1950 the American-based

United States Aid

The arrival of United States forces in Iran during 1942 deepened the American involvement in Iran. Iran used U.S. ideological support to counter the Soviet and British occupation forces during the war. Wartime success of Iran's third power strategy is evident in the joint Teheran Declaration of December 1, 1943. The Americans provided a foil to the Soviet and British underlying intentions toward Iran by publicly pledging with them to uphold Iranian sovereignty:

The Governments of the United States of America, the USSR, and the United Kingdom are at one with the Government of Iran in their desire for the maintenance of the independence, sovereignty, and territorial integrity of Iran.⁹⁴

The American substitution for the Germans as the third power was complete, even to the extent of the United States using the "old" German Embassy as their own during World War II.⁹⁵

Iran tried expanding her ties with the United States by other than diplomatic means. She stepped up trade with the U.S. and sought American military aid to rebuild her defense forces. In 1943 a military mission headed by General Ridley and funded by the U.S. was mandated to reorganize Iran's army. Colonel H. Norman Schwarzkopf led a similar mission that restructured the

the Crisis. Their nationalistic response logically reopened the issue of the British oil concession to the south. Article Five of the "Iranian Law Rejecting The Draft Oil Agreement With The USSR", dated October 22, 1947, states:

In all instances wherein the rights of the Iranian people in the economic wealth of the country have been infringed - whether in the matter of subsoil resources or otherwise, and especially with regards to the southern oil concession - the Government is directed to enter into negotiations and to take appropriate action toward the reestablishment of these rights, informing the Majlis of the results obtained.⁹³

This parliamentary pronouncement served notice that Iran was intent on independence. Economically, she would restrict access to her precious commodity- oil, as discussed later in the chapter. Diplomatically, Iran already had begun to forge her autonomy from Russia and Britain with a new policy of nonalignment, using her traditional ploy of a third power to offset their imperialism. Since Iran had to drop Germany as its principle third power ally upon the German invasion of Russia, she sought a new partner. The United States assumed the role of Iran's favored third power after the Soviet and British invasion of Iran in 1941.

Appointed to the premiership in 1950 after Mansur's dismissal, Razmara had revamped the Iranian Cabinet in an effort to strengthen his country's leadership to handle the brewing international crisis over oil. Razmara, a moderate on the oil issue, favored renegotiation over nationalization. In a 7000 word report to the commission on March 3, 1951, he cited an Iranian feasibility study supporting his views that nationalization would be impractical.¹¹⁸ He warned the commission that:

expressions of personal opinion cannot be of much value unless technological groups have studied and clarified the situation... We cannot, under present conditions, endanger the future of a large number of people simply on the opinion of a few.¹¹⁹

Unfortunately for Razmara, the Premier who encouraged an agreement with the AIOC in this volatile nationalistic period would be attacked as a tool of the British.¹²⁰ Razmara was struck down by an assassin's bullet several days later. Khalil Tashmassibi, a member of the extremist religious group Feda'iyān-i Islam, had killed Razmara for failure to support nationalization.

Nationalization

The day after Razamara's death the oil commission unanimously adopted the nationalization resolution. A week

later, the Majlis assembly approved the commission's recommendation. On March 20 the Senate consented to the principle of nationalization by acclamation, and by April 30 it was passed into law. The Shah promulgated nationalization as law of the land on May 1, 1951, simultaneously appointing Mossadegh as Prime Minister at the Majlis' request. Nationalization had received a clear and swift mandate from the radical nationalists and Iranian politicians. Even Razmara's assassin was released from¹²¹ prison a year later because of his popular support.

The British reaction to nationalization of the AIOC was immediately to question the legality of Iran's action through the International Court of Justice at the Hague. In the Parliamentary debate on the Persian Oil Dispute on May 29, Undersecretary of State for Foreign Affairs Lord Henderson reported that the British had asked the Court

to decide that the Persian Government were under a legal obligation to submit their dispute with the Anglo-Iranian Oil Company to arbitration, or, alternatively, to decide that the Persian Government were not entitled to alter the Concession Agreement, even by legislation, except by agreement with the company.¹²²

In a letter to Secretary of State for Foreign Affairs Herbert Morrison, Mossadegh responded to the charge of violating international law:

It is the sovereign right of every nation to nationalize its industries. Assuming that agreements or concessions have been concluded with persons or private companies in respect of these industries and assuming that from a judicial aspect these agreements and concessions are considered to be valid, the fact remains that they cannot form a barrier against the exercising of national sovereign rights nor is any international office competent to consider such cases.¹²³

The British-Iranian legal battle would smoulder for the next critical year, until the World Court officially arbitrated the conflict.

Iran's Perception

The diverging perspectives between the Iranians and the British were largely a clash of politics and economics. The Iranian nationalists primarily sought to destroy the British ability to interfere in Iran's internal affairs by usurping AIOC oil production control. Facing severe economic problems at home, the British were more apprehensive about the viability of their largest overseas investment. But cross charges of economic unfairness and political complications were also levelled. Iran accused the AIOC of unjust distribution of profits. Using 1948 data, Iranian officials argued that Iran's royalties from the company's \$320 million in proceeds amounted to a mere \$32 million, and that the British government received more

than \$120 million in taxes from the company. Furthermore, Iran had no representation on the AIOC Board of Directors and no right to review accounts, especially the records of oil sales to the British Royal Navy.¹²⁴

Britain's Perception

The hard currency that Iranian oil produced for British coffers was incentive enough to fight nationalization. But access to these oil reserves also had political implications for a Britain facing ejection from her colonial empire and for the whole of the West entering an intensified Cold War period. Britain agreed with the U.S. State Department's assessment of the strategic importance of Iranian oil:

It is simply not possible for the western countries to leave the Middle East to stew, even temporarily, in its own juice... It is a land bridge between Asia and Africa, Soviet control of which would expose the African continent. It is a source of a prime strategic material, oil, the continuing supply of which is essential to friendly nations in Europe and Asia. It supplies three-fourths of the petroleum requirements of Western Europe.¹²⁵

British controlled Iranian oil was therefore critical to the larger issues of economic expansion and defensive preparedness of Western Europe. The AIOC concern had been supplying 43% of European petroleum requirements until the crisis.¹²⁶ Compared with Iran's oil output of

32.3 billion metric tons, other Middle Eastern countries produced significantly lesser amounts of this strategic commodity: 26.9 million metric tons by Saudi Arabia, 17.3 million by Kuwait and 6.5 million by Iraq.¹²⁷

The importance of Iranian oil was underscored by the British contemplation of military action to secure access to its refinery and reserves. Britain based its option to use force on a 1946 Foreign Office contingency plan calling for the occupation of the oil-rich Khuzistan region.¹²⁸ Yet Britain faced major obstacles to militarization of the crisis. First, she would have been hard-pressed to find the military assets to act unilaterally in 1951. Further, the U.S. would strenuously object to any Soviet occupation of northern Iran were British intervention to invoke the provisions of the 1921 Soviet-Iranian Treaty.

Last, the fervor of Iranian nationalism would make a fierce foe of the Persian people. The Shah's promise to the British Ambassador was indicative: "You must realize that I will personally lead my soldiers into battle against you if you attack Iran."¹²⁹ Hussein Makki, Secretary General of the National Front and supporter of the Oil Liquidation Board, gave a more fiery threat. In warning that Iran was a "powder keg", he bade Britain not to "approach with the match lest both countries be burned

together." Makki also invoked a Third World admonition still heard today: "By opposing nationalism, Britain and the United States are pushing us toward communism and revolution."¹³⁰

America's Perception

Unlike Makki had suggested, the United States was well aware of the dangers in bucking the current tide of nationalism in Iran. America was in an awkward position; she found herself between a traditional ally and oil producer- Britain, and a strategic world area and oil supplier- Iran. The United States was normally a staunch supporter of Britain and western capitalistic venture. She harbored economic concerns that nationalization would set precedent for other oil-producing states to challenge the West's domination. But the U.S. had also championed Iranian territorial integrity and political independence since WW II. Additionally, the economics of oil influenced the U.S. Fearing a free world oil crisis stemming from the AIOC-Iranian dispute, the U.S. urged Britain to recognize the principle of nationalization and to negotiate for continued oil production. Iran, in turn, was exhorted to be more flexible in its coming to terms with the AIOC under the Nationalization Law.

The U.S. backed the Iranians on this critical issue because of her alarm over growing Tudeh strength and the possibility of a coup d'etat in Iran. Fear of communism induced America to support the Iranian Nationalist cause. Many believed the nationalists were the only non-communist popular-based movement in the state who would oppose the Tudeh. Assistant Secretary of State George McGhee supported this view:

The nationalist spirit that had led the Iranian Parliament to approve government possession of the country's oil fields would serve also to deflect Communist aggression in that area.¹³¹

Despite efforts at negotiation, the situation in Iran did not stabilize. Nationalization was gaining momentum and the British were not yielding to its principle. To resolve the stalemate, the U.S. felt it necessary to intervene informally. On May 31, 1951 President Truman addressed personal letters to both Prime Minister Attlee and Premier Mossadegh to facilitate negotiations:

Information received by me makes me believe the Iranian Government is eager, even anxious, to find ways and means with the British Government whereby both the British fundamental interests and the Iranian nation's inclinations to nationalize its own oil should be protected. The United States Government has informed the British Government of its view that the Iranian Government has effected an opportunity for negotiations, which should begin as soon as possible.¹³²

On June 20, 1951 the directives for implementation of the Nationalization Law were issued. The next day the National Iranian Oil Company, or NIOC, demanded that the AIOC General Manager inform staff members of their option to work for the NIOC with one week notice. To induce all foreign experts, staff and workers to continue their services in Iran, Mossadegh made a personal appeal to them and offered the same benefits they had prior to nationalization. The company, however, began evacuation of its British staff. By July the AIOC operations had ground to a halt. The world's largest refinery at Abadan closed down, leaving Iran without oil exports.

The Harriman Mission

Alarmed at the situation, the U.S. immediately acted on the advice of Secretary of State Acheson that Averell Harriman go to Teheran as a mediator. President Truman relayed a message to Mossadegh offering the help of his personal representative in the dispute. Mossadegh favorably responded to Harriman's upcoming visit on July 11. Finally, the U.S. had left the sidelines and become a major player in what had to then been an Iranian-British contest of wills. The U.S. involvement at a high level was spurred by the perception of a communist threat in Iran.

This concern about Iranian communist elements taking advantage of the oil crisis were vividly driven home upon Harriman's arrival in Teheran on July 19. He was received by a Tudeh sponsored anti-American demonstration during which thirty people died in a clash between troops and rioters.¹³³ American communist fears were confirmed, but their hopes for a resolution were not lost.

Finally, at a meeting on July 23 at Mossadegh's house, the "Harriman Formula" was approved as a basis to resume negotiation. Unfortunately, the British still perceived the crisis in predominately economic, rather than political, terms. Viscount Simon best summed up the British attitude during a foreign affairs debate in the House of Lords:

It is a relief to know that, if satisfactory conditions can be established, it is the Lord Privy Seal who will go to Persia. He is a business man, and I hope that the country is duly impressed by the portentous announcement made last night, that one of the first actions of Mr. Stokes will be to pay a visit to Abadan, in order to familiarise himself with the conditions there and in the oilfields area. This will, indeed, be bringing a business brain to the study of a practical matter.¹³⁴

The British delegation reintroduced the earlier proposal to share profits on an equal basis between the countries. They further suggested the creation of a purchasing and operating organization, almost exclusively to be controlled by the AIOC. The British demand for a

British general manager of the company especially compromised the negotiations. It fanned Iranian fears of continued foreign interference within their country via oil officials. The British offer reflected a serious lack of appreciation for the political nature of the nationalization issue. Their terms were not the recognition of nationalization as Iran had required, and so were rejected.

Britain broke off negotiations completely on September 6, despite Mossadegh's threat to expel the remaining oil refinery technicians from Iran if talks stalled. Tired of talk, the British tried intensifying economic pressure on Iran. They withdraw all their special financial and trading facilities from Iran to deprive Iran of her dollar exchange and to frustrate oil sales to former customers.¹³⁵ British licenses for export to Iran were additionally revoked. Iran retaliated against British economic sanctions on September 25 by giving an October 4 eviction date to the remaining Abadan technicians. Two days later, Iranian soldiers seized the refinery and locked its doors to the technicians.¹³⁶ Iran finally backed up her Nationalization Law with a show of force.

The Oil Dispute At The United Nations

Britain immediately appealed to the United Nations Security Council, lodging a "Complaint of failure by the Iranian Government to comply with provisional measures indicated by the International Court of Justice in the Anglo-Iranian Oil Company case."¹³⁷ Security Council hearings on the oil crisis opened on October 1, 1951. Unluckily for Britain, her position on the issue only weakened after the debates. Mossadegh had eloquently and skilfully pleaded Iran's case in person before the Council. On October 19 and after six meetings, he won a postponement of further discussion. This signalled a tactical defeat for the plaintiff Britain who needed some opinion issued since her International Court suit would not be heard for another eight months.¹³⁸

Mossadegh's presence in the United States during the U.N. proceedings gave him an opportunity to meet with President Truman and Secretary of State Acheson on October 23 and 24.¹³⁹ Mossadegh was seeking U.S. support for his nationalization cause with the major power who had previously championed Iranian independence. The United States believed that Mossadegh's government would not survive the forthcoming elections unless he returned to Iran with some concessions. American officials feared

Mossadegh's defeat would result in a Tudeh victory. Despite all anti-communist intentions, however, the U.S. attempts to end the crisis failed. On November 13 the State Department announced that no new basis of settlement¹⁴⁰ had been reached.

Mossadegh failed to illicit concessions in these talks because the British remained unwavering in their economic, rather than political, perception of the crisis. Unlike the United States, Britain was not convinced that a communist take-over would inevitably follow a Mossadegh defeat. The British were more interested in the oil economics of the situation and they were beginning to realize that Iranian oil was no longer the inducement to negotiation it had once been. As early as June 30, 1951, the Economist points out:

It no longer seems absolutely essential to have the oil at all costs; it now appears that the development of crude oil production in the Middle East and of refining capacity in Western Europe has been proceeding so fast that a total shutting off of Persian supplies, though certainly a major inconvenience, would not be a disaster for the western world that it would have been at any time before the present.¹⁴¹

Iran's supposed economic leverage in the negotiations had vanished upon a record year of worldwide crude output in 1951. The Iranian stoppage held down the rate of increase in the Middle East, but a remarkable production expansion by neighboring countries under U.S.

and British economic domination virtually supplanted the loss of Persian crude. Saudi Arabia increased her oil output from 26 to 38 million metric tons and Kuwait stepped up production from 17 to 28.5 million metric tons.¹⁴²

Negotiation leverage had shifted to Britain. With Iranian oil becoming less a critical commodity to the West, Mossadegh was forced to rely more on the bogeyman of the Tudeh. His bargaining hand for dealing with the West held only one ace card- that of Iran going communist. Unfortunately for Iran, the British were not bluffed by the threat, and the Americans were overplayed.

Mediation By The World Bank

One tack to resolving the Iranian oil output stoppage was presented to Mossadegh through indirect channels while he was in Washington, D.C. U.S. Pakistan Ambassador M. H. Ispahani met with Mossadegh and suggested the use of an interim agent- the International Bank for Reconstruction and Development- to oversee oil production as negotiations proceeded. Initially receptive to the idea, Mossadegh then received IBRD Vice-President Robert Garner to discuss specifics. Later, World Bank proposals were formally sent out to both Britain and Iran.

In his January 3, 1952 reply to the proposal,

however, Mossadegh expressed misgivings over the definition of the IBRD's role and powers as a temporary manager of Iranian oil production. He wanted assurance that the IBRD would act "in behalf of the Iranian Government". The issues of price setting, profit sharing and managerial policies also proved problematic. The IBRD and Iran reached a final impasse to settlement over the question of personnel and nationality. On February 11 a Bank fact-finding mission to Iran determined that AIOC technicians would have to be employed if oil were to flow again. Given his country's recent experience with Britain, Mossadegh objected to the employment of British nationals, despite the Bank's insistence. Iranian antipathy towards the British proved insurmountable, and negotiations were mutually adjourned.¹⁴³

The World Court's Decision

After the deadlock with the IBRD, the Iranian nationalization controversy was finally argued before the International Court of Justice in June 1952. Once again, Mossadegh personally and successfully presented Iran's case in defense of the British suit. Britain contended that the 1933 Oil Agreement between the Iranian government and the AIOC had a "double character"- as a contract between a

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IRAN AND THE BIG POWERS 1900-1953(U) ARMY MILITARY
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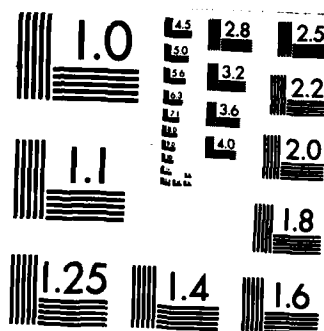
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MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS-1963-A

country and a company and as a treaty between two governments. The Court declared the 1933 Agreement to be "nothing more than a concessionary contract between a government and a foreign corporation." Britain, therefore, was not a party to the Agreement. Furthermore, by a vote of 9 to 5 on July 22, the Court declared itself without jurisdiction in the contractual litigation between the two parties in question.¹⁴⁴ Iran viewed the Court's decision as a vindication of its bid for complete national independence through economic sovereignty. Corporate imperialism no longer had carte blanche in the Third World according to official world opinion.

The July Uprising

While Iran's foreign affairs were focused on the World Bank and the World Court handling of the oil crisis, domestic politics also began to affect its course. Shortly after Mossadegh's return from the United States in November 1951 and before the Court's verdict, the Majlis voted to hold immediate elections. Mossadegh was able to stop all voting after receiving a majority quorum and win a "clear" mandate. Even so, the outcome of this election exposed a vulnerable element of divisiveness within Iranian political ranks. Out of 79 deputies seated in parliament, 30 were

unconditional supporters of Mossadegh, nearly the same number remained neutral and about a dozen were staunch backers of the Shah. This latter group formed the core of the opposition to Mossadegh and the National Front Party¹⁴⁵ throughout the Seventeenth Majlis.

The fierce power struggle between these traditional elites and the reform-minded nationalists climaxed in July 1952 when Mossadegh introduced a bill for¹⁴⁶ plenary powers. The country was undergoing hard times; the economic squeeze Britain had placed on Iran via embargos and corporate suits was choking her economy and threatening her national security. Mossadegh believed dictatorial discretion was needed to form an effective Cabinet, especially in the fields of economics, banking and general administration. The Shah intended to concede Mossadegh his drastic political program until he additionally demanded control of the army and the Office of the War Ministry. Wary of an armed radical cause, the Shah refused Mossadegh's bid for military control. Mossadegh offered his resignation as Prime Minister and accused the opposition of frustrating the country's fight against Britain. He alleged that "under the present circumstances, it is impossible to conclude the final phase of the¹⁴⁷ national struggle."

Mossadegh was clearly using the oil crisis and the

national furor to further his attempts at internal political reforms. For the first time, Mossadegh publicly criticized the Shah, admonishing him for violating the Constitution and for not accepting the Prime Minister's choice of War Minister. Further, he accused the Royal Court of impeding social and economic reforms needed to advance the national struggle. Through use of his public resignation, Mossadegh had dared to take the constitutional issue directly to the country.¹⁴⁸ The Shah's apprehension revolved around Mossadegh's attempt to:

undermine my power, provided in our Constitution, as Commander-in-Chief of the armed forces. ... I refused these demands because I was certain that they would lead to further Communist infiltration.¹⁴⁹

Former Prime Minister Qavam was recalled from retirement and appointed Premier by the Shah on July 17, 1952. Qavam was an old man and ill-equipped for the job, but U.S. and British insistence had forced the Shah to appoint him against his better judgment.¹⁵⁰ Both foreign powers previously had dealt with Qavam whom they considered a moderate who served their anti-communist and economic interests well. The short-sighted appointment of Qavam only ignited domestic dissent. The National Front, supported by the Tudeh, called for protest strikes and mass demonstrations in favor of Mossadegh. The Shah was reluctant to order his troops to quell the violence

because he now questioned their loyalty. As the Shah later described, the protesters who were left in charge of the streets eventually forced a reinstatement of Mossadegh on his terms:

Mob rule prevailed and Qavam's government seemed powerless to cope with it... As the rioting continued, the threat of civil war mounted. I refused to order my troops to fire and was forced to recall Mossadegh and meet his conditions: I named him Prime Minister and Minister of War.¹⁵¹

Simultaneously with Mossadegh's reinstatement as Prime Minister in July 1952 came the favorable verdict from the International Court. Mossadegh's prestige and power were at an all-time high.¹⁵² Capitalizing on his popularity that August, he was voted dictatorial powers to rule the country for six months.

Iranian-British Break In Diplomatic Relations

Iran's success at the Court and renewed national confidence was expressed in Mossadegh's immediate attempts to re-open direct negotiations with Britain. The British response was cool. They were fortified by the narrowing of the gap between the American and British position regarding Iran; as the Iranian economy deteriorated and the threat of the Tudeh increased, the U.S. started to come over to the British view that Mossadegh had to go. Americans were becoming more skeptical of Mossadegh's durability- they

perceived his popularity as tenuous and his political position as unstable.

The Truman administration made one last attempt at negotiation between Britain and Iran. This was the Truman-Churchill message of August 30, 1952 outlining Britain's claim for AIOC compensation. Previously, Britain had been forced to accept nationalization but had not agreed on terms. Now the British claimed a settlement based on the unilateral termination of the 1933 Agreement; they wished to recoup potential earnings lost during the remaining concessionary period through 1993. In response to the "message", Iran would only agree to compensation based on a current capital value of the AIOC as determined by the World Court. The British rejected the Iranian counter proposal.¹⁵³

Frustrated by the stalemate in negotiations, Mossadegh announced over the radio on October 16, 1952 that he was forced to sever diplomatic relations with Britain.¹⁵⁴ The British believed that Mossadegh, in so doing, surrendered a rallying point for the Iranian nationalists that the British Embassy provided: "Who will be the whipping boy when the grievances continue, even though the British are gone?"¹⁵⁵ But Mossadegh's rationale in ejecting the British proved expedient. He believed the British were bent on undermining his government through

diplomatic procrastination, economic blockading and various political intrigues. Nothing was to be gained by a British presence in Iran, and much was to be lost. In Iran they would be free to contact their allies among the traditional elite and cause trouble.¹⁵⁶

Even after Iran broke off relations with Britain, the new Eisenhower administration did not give up the possibility of settling the crisis through negotiation. During a meeting of foreign ministers in Paris in December 1952, Secretary of State Acheson and British Foreign Secretary Anthony Eden discussed the Iranian issue. Subsequently, the U.S. Ambassador in Teheran, Loy Henderson, began a series of meetings with Premier Mossadegh. Eden and President Eisenhower issued a joint¹⁵⁷ communique on March 8, 1953 approving a "final offer". However, the British insistence that the basis of compensation be AIOC's future loss of business once again prevented Mossadegh from accepting this offer.

Mossadegh's Bogeyman

Deprived of the oil lever, Mossadegh seized on his remaining option- the threat of going communist- which he made implicit in his letter of May 28 to Eisenhower. Mossadegh succeeded in prodding the American government

into action, but the American policy response was not what Mossadegh expected due to the change in administration in 1953. Truman and Acheson's diplomatic tack to settling the crisis was replaced by the more impatient policies of Eisenhower and the Dulles brothers. Significantly, Allen and John Dulles were senior partners in the law firm of Sullivan and Cromwell who had for years represented the AIOC.¹⁵⁸ In late June 1953 Eisenhower delivered a blunt reply to Mossadegh, telling him that it would not be fair to spend American taxpayers' dollars to aid Iran "so long as Iran could have access to funds derived from sales of its oil and oil products if a reasonable agreement were reached."¹⁵⁹

Eisenhower's letter was broadcast over the Voice of America radio. All Iran knew that Mossadegh had failed in his gamble to force the U.S. into active support. Still, Mossadegh refused to recognize his great danger: the United States had publicly announced its lack of confidence in him, the National Front was fragmenting, and the Tudeh was emerging as the strongest organized political force in Iran.¹⁶⁰

Mossadegh attempted to consolidate his position in Iran with reformist domestic policy. Following his July victory over the Shah, he struck a rapid succession of blows at the Shah, the military, the landed aristocracy and

the Parliament, ostensibly aimed at bettering Iranian society. Some reforms served the state, such as the transfer of the Shah's land back to the state, a cut in the palace budget and forbidding the Shah to communicate directly with foreign diplomats. Other actions profitted the premiership. After becoming Minister of Defense, Mossadegh cut the military budget by 15%, transferred 15,000 men from the army to the gendarmerie, purged the army of 136 officers and used martial law against his political opponents. In January 1953, his six-month dictatorial powers were extended another year. When the Senate opposed his reforms, he disbanded it. Later when the Lower House started to resist, his followers resigned in mass, thereby reducing the assembly to below its quorum.¹⁶¹ This, in effect, dissolved the Seventeenth Majlis.

Mossadegh's Non-Alignment

In revamping foreign policy, Mossadegh was equally broad-brushed. His negative equilibrium policy of denying concessions to foreign Big Powers evolved into a policy of non-alignment with them. He saw that the old Anglo-Russian rivalry rarely had proved conducive to Iran's interest, and that diplomatic relations with Britain were severed, anyway. Mossadegh astutely recognized the changed

international environment- from a multipower to a bi-polar world of East versus West. He aimed to use the Soviet-American rivalry to serve Iranian national interests.¹⁶² But these powerful adversaries were capable of manipulating Iran for their own objectives, as well. Mossadegh's non-alignment was a sophisticated but risky policy to follow during the height of the Cold War when neither the Soviets nor the Americans believed in it.

Soviet/Tudeh Actions

Relations with the Soviets were not frozen during the oil nationalization period. The Russians tried to exploit the nationalization crisis to achieve several goals. They wished to eliminate British influence in Iran and project the Iranian nationalist uprising as a basically anti-imperialist movement spreading throughout the Middle East. When the opportunity arose, they would substitute¹⁶³ the nationalist regime with a Communist one. To this end, the Soviets' tool in Iran, the Tudeh, exerted constant pressure on Mossadegh's domestic and international policy-making.

The Tudeh attempted to use Mossadegh's National Front by employing "United Front" tactics, but they vacillated throughout Mossadegh's rule over whether to

support his government. Many Tudeh party members viewed Mossadegh as a puppet of American imperialism when he opposed the Soviet oil concession bids in 1944 and 1947. The hard-liners in the Tudeh were afraid he would turn on them as Qavam had done earlier.¹⁶⁴ The composition of the National Front also alienated Tudeh leaders. The broad-based coalition under the National Front included many anti-communist elements- Pan-Iranists, the Toilers' Party and clerical leaders such as Mullah Kashani. Finally, Mossadegh particularly appeared as a U.S. sympathizer when he rejected an official alliance with the Tudeh to curry American diplomatic favor.¹⁶⁵

Yet the Tudeh and the National Front did form temporary informal alliances when threatened by the rightist traditional elite. During the July 1952 crisis, it was the Tudeh with its organization and ability to quickly mobilize its forces that helped reinstate Mossadegh as Premier. Mossadegh tolerated the Tudeh and made friendly gestures toward the USSR for tactical manipulation of the West. Unfortunately, the use of the Tudeh as a foil to the West often backfired. While it provided leverage with the West in negotiations, the Tudeh also greatly limited Mossadegh's room for maneuvering. Whenever the Communists sensed the slightest modification in the government's oil policy, it would turn out its mob into the

streets to agitate against any compromise with the West.

Mossadegh reluctantly relied on the Tudeh more and more, as the U.S. and Britain converged on their unsympathetic positions toward Iran and as his domestic problems multiplied. However, a mutual distrust between the two groups had grown since the Harriman mission and the subsequent crushing of Communist protesters. At times the Tudeh resentment surfaced, while its backers, the Soviet Union, maintained a "friendly" posture toward Iran. Amicable Russian relations did not translate into real support, however. Mossadegh's nationalistic government received no major Soviet help- the USSR failed to advance any concrete proposals for oil shipments or all-out economic aid to Iran. The Soviet government was merely intent on preserving her option to an Iranian oil concession at a time when the British were threatened with ouster. Also, upon the 1953 death of Stalin, the USSR underwent a phenomenal internal transformation and was not able to focus on external affairs clearly.

Mossadegh's coalition started to disintegrate upon his extension of plenary powers in 1953. These were bitterly contested by Kashani and even by ardent supporters, such as Hussain Makki. This weakening of the National Front and its widening rift with the Shah whetted the Tudeh's appetite for power. Their opportunity would

come sooner than they anticipated and with a suddenness as to catch them ill-prepared.

Mossadegh's Overthrow

By mid August 1953, Mossadegh appeared to regain full control of internal political events, having "won" the constitutional struggle. The Shah was reduced to a ceremonial figure, the aristocratic opposition was routed in the dissolution of the Majlis and a democratic government was emerging. But beneath the controlled surface was a churning cauldron of dwindling revenues, increased unemployment, rampant inflation, rising dissatisfaction in the military and growing political opposition. Mossadegh's attempts at social reforms, and particularly his fight to reduce the Shah's power to a constitutional monarch, had cost him dearly. British and American machinations were also undermining Mossadegh.

Having given up all hope for a negotiated settlement over the AIOC, and convinced by Acheson under Truman not to use gunboat diplomacy, the British opted to take covert action. They planned operation "Ajax" calling for the overthrow of Mossadegh. Implementation of Ajax depended on U.S. participation since the British had been expelled from Iran. In November 1952, the British

national identity and more pragmatic leadership. Independence would be assured through diplomatic measures.

The Azerbaijan Crisis and the beginning of the overt Cold War dramatically changed the international environment for Iran. The emergence of a bi-polar world dominated Iran's foreign policy. The traditional quest for a third power to contain British and Russian infringement was no longer viable, as the 1946 to 1953 period shows. Mossadegh's attempt at non-alignment when neither East nor West accepted such a policy was equally unrealistic and eventually caused his downfall. This period also shows the power of nationalism- not the nationalism of Reza Shah, but the nationalism rooted in the 1905-1911 Constitutional Era. Mossadegh's broad-based popular republican nationalism in an Iranian context became the focal point of the struggle in 1950-1953. The oil crisis provided the backdrop as the "new nationalism" clashed with the traditional elites and foreign powers.

Nationalism's ultimate suppression and manipulation by the traditional elites was coupled by the Shah's policy of alignment with the West. In the 1960s and 1970s the world became more multi-polar and the non-aligned movement gained momentum. Iran's independence of action within the Western alignment increased as did oil revenues. Despite the increased independence and the equality as a

Conclusion

Russian pressure since the late 1700's has been a constant factor in Iran's foreign affairs. Later, Britain was utilized to develop the traditional diplomatic strategy of playing the two powers off against each other. An adjunct of this policy was the use of a third power to offset the "Great Powers" and to provide leverage.

The condominium between Russia and Britain in 1907 made Iran's traditional foreign policy temporarily defunct. The rise of nationalism in reaction against foreign intrusions filled the void in Iran, preventing the dissolution of the nation.

Reza Shah's nationalism in 1921 to 1941 saved Iran in the aftermath of World War I. More importantly, it provided an effective counter to the "new" threat of Soviet imperialism cloaked in ideological garb. Reza Shah strove to free Iran from both Russia and Britain by stressing independence and the third power policy. Unfortunately for Iran, this gamble failed and once again, as in 1907, British and Russian forces partitioned Iran during World War II. The difference this time was Iran's greater

increased, but not at the level with the West. This pattern would continue to characterize Iran's relations with both the East and the West until the 1978-79 Revolution.

natural gas. In addition, the Shah exerted his independence by acquiring \$200 million worth of guns, vehicles and other low-level sophisticated military items from Russia.¹⁸⁴

By 1969 a change in Iranian policy came about due to the United States' increasing need for Iranian oil, the British decision to withdraw from the Persian Gulf and increasing Soviet interest and activities in the area. Iranian alignment with the U.S. intensified, not as in the 1950's, but as an alignment of partners. President Nixon's Doctrine in 1969 meshed exactly with Iran's willingness and ability to assume greater responsibilities in the Persian Gulf area. The transition from credit sales to cash by 1970 facilitated this. Nixon's broad agreement of May 1972 to sell to Iran a sophisticated weapons system set the stage for Iran's military expansion.¹⁸⁵ The oil crisis of 1973 and skyrocketing petroleum prices gave the Shah the means to buy both economic and military modernization while gaining more independence of action. After the quadrupling of world petroleum prices the revenue went from \$5 billion in 1973-74 to \$20 billion in 1974-75.¹⁸⁶

This increase in both economic and military power fueled by oil revenues allowed Iran to fill much of the power-void left by Britain's withdrawal. Relations with the Soviet Union remained correct and economic ties

Shah as an "independent national policy with normalization"
of relations with the Soviet Union.¹⁸² This description alludes to a more non-aligned policy and this was somewhat the case. A qualifier is given because when actual economic, cultural and political ties were weighed, the West was heavily favored. A better comparison would be the independent yet "western" alignment of Charles De Gaulle's France of the 1960s. The Shah's policy was much like his and was deliberately modelled on it in many ways.

This policy was based on "positive nationalism" and was directly tied to the Shah's domestic policies, reflected in the White Revolution. The White Revolution was an outgrowth of the Shah's recognition that his concept of security needed to include social and economic progress as well as military strength. The White Revolution launched November 11, 1961 called for sweeping reforms with land reform at its center.¹⁸³ The stability on the international front and increased revenues made it auspicious for the Shah to divert energies towards solving internal problems.

A series of economic and trade deals were signed with various countries both East and West as an adjunct to Iran's modernization programs. Notable among the economic "deals" with the USSR was the signing of an agreement for the construction of a steel mill in exchange for Iranian

formally exchanged notes in which Iran pledged not to allow any foreign missile sites to be stationed on its territory. The Soviets accepted this six-year-old offer as the basis for normalizing relations and ending the Soviet-Iranian Cold War. Moscow no longer sought the formal detachment of Iran from its Western commitments. The actual "missile base" issue in Iran had been overtaken by advanced missile technology, so Soviet acceptance of the agreement reflected their new pragmatic attitude: it is better to induce a de facto neutral on its borders than to force a de jure neutral. To quote an old Russian proverb, "a bad peace is better than a good quarrel."¹⁸⁰

A closer Iranian-Soviet rapprochement resulted from a changed international situation in the early 1960s. The Sino-Soviet schism in Asia obliged the USSR to release border pressure on Iran and focus on China. The post-Cuban missile crisis precipitated a thawing of the Cold War between the Soviets and the U.S; talk in Washington about East-West "bridge-building" prompted Iran to hedge its bets against superpower collusion by improving relations with the Soviet Union. The Kennedy administration's refusal to provide budgetary support while pressuring the Shah for social and economic reforms also contributed to the Soviet-Iranian reconciliation.¹⁸¹

The new Iranian foreign policy was dubbed by the

into the Western camp. While a formal U.S.-Iranian alliance was never signed, the Eisenhower Doctrine of 1957 authorized the President to employ American armed forces in support of Middle Eastern countries fighting Soviet aggression. This assurance, along with several bilateral agreements for material assistance, gave Iran some sense of security from communist expansionism. American military aid rose from \$16.7 million in the 1949-52 period to \$436 million in the 1953-61 period. Total economic aid for the same periods rose from \$16.5 million to \$611 million.¹⁷⁷

Before 1956 the Soviet reaction to Iran's western alignment consisted of weak propaganda and insubstantial threats. Stalin's death in 1953 and subsequent USSR political turmoil pre-empted any serious Soviet reprisals. When Krushchev finally emerged as the Soviet strong-man in 1955, he dramatically changed Soviet foreign policy. He refused his predecessor's party orthodoxy believing in the inevitability of war between communism and imperialism. More importantly, he accepted the idea of peaceful coexistence between states with differing political systems.¹⁷⁸ Throughout the 1956-1962 period, Krushchev tried to entice Iran away from the West and back toward its earlier neutral policy, using various forms of the carrot and stick approach.¹⁷⁹

In September 1962 Iran and the Soviet Union

redevelopment program, especially from the U.S. Soviet threats to Iran's sovereignty in the 1950s particularly compelled the Shah to ally with his "enemy's enemy".

The Shah's skepticism of the Soviet Union stems from episodes of Soviet instigated insurrection in his region- the Gilan Republic uprising, the Azerbaijan Crisis and numerous Tudeh Party riots. Domestic and international security were inextricably linked in the Shah's eyes; he related Iran's inadequate freedom of action in world politics to her internal problems and tied both to the nation's lack of security. In the 1950s communism posed the most imminent threat to the integrity of his regime. Internally, the Tudeh strove to disrupt his government, and externally, the Soviet Union appeared poised for an invasion over their joint border. The Shah warned that countries such as his

must strive for the security which is their first essential for advancement. Freedom-loving peoples forget- but the Communist powers never forget- that most of the world's economically underdeveloped countries are also militarily underdeveloped.¹⁷⁵

Iran's alignment with the West was formalized by its joining the Baghdad Pact on February 24, 1955 with Britain and other Middle Eastern countries.¹⁷⁶ The Soviets responded to this overt alignment by intensifying their pressure on Iran, which only caused Iran to entrench deeper

Epilogue

The three-year-old Anglo-Iranian nationalization dispute was finally settled on October 29, 1954. An international consortium of independent oil companies- 40% British, 40% American and 20% Dutch and French- obtained a twenty-five year concession to exploit and refine oil in southwestern Iran. Ownership of industry was conceded to the National Iranian Oil Company. The consortium worked for NIOC, giving Iran a 50% interest and quadrupling the prenationalization revenue. During the 1960s oil revenues constituted between 45 and 54% of public income. By 1969 Iranian crude exports reached 165 million cubic meters or ¹⁷⁴\$900 million.

Before the realization of oil wealth in the 1960s, Iran's immediate concern after Mossadegh was to stabilize and rebuild the nation. In reasserting the monarchy, the Shah sought to strengthen the army and assure its control by the throne, implement social and economic reforms and consolidate Iranian national unity. The Shah resumed the traditional role as the principle foreign policy-maker and chose to align Iran with the West. His western alliance was partly induced by massive western aid for his

West. Mossadegh toyed with the American fear of communism to unleash the one foreign force needed for his government's survival. Ironically, this unwise ploy cost Mossadegh his premiership once the U.S. sensed his vulnerability to the Tudeh.

both the communists and nationalists routed, the Shah consolidated his power with western backing. He would not face such a serious nationalist threat again until 1978.

Mossadegh's attempt at social and political revolution had failed. What had begun as a nationalistic anti-imperialist movement evolved into broad discontentment over the existing social and economic order. The AIOC became the outward symbol of foreign resistance to the progressive national struggle. Mossadegh relied on extreme xenophobic nationalism to hold together the divergent forces of Iranian nationalism and to implement a program of redevelopment. His reforms, however, threatened the traditional elite to such an extent that the former rivalry between the Shah, the landed aristocrats, the military and the religious hierarchy was forgotten. Finally, a heightened Tudeh threat during the last few months of Mossadegh's government acted as a catalyst in bringing the opposition together.

Mossadegh underestimated both the British-backed rightists and the Soviet-backed leftists in his country. Internationally, he also miscalculated the power and vengeance of the Cold War antagonists. He attempted to play the traditional role of the Iranian statesman who balances rival external powers for Iran's advantage. In a new bi-polar world this meant pitting East versus

The Tudeh took to the streets and started rioting and demonstrating for the Shah's abdication. Before, Mossadegh had tolerated the Tudeh's lawlessness to intimidate the rightists and to frighten the United States. Now with the oligarchy in retreat, the Tudeh's civil disobedience became the chief threat to his regime. Many moderates and religious leaders feared a communist takeover.

In hindsight, both the Tudeh and Mossadegh overplayed their hands. On August 18, Mossadegh called out the army to stop the Tudeh's rioting. At this critical moment, the CIA, the British and their Iranian cohorts publicly distributed copies of the Shah's "Firmans"- the royal orders dismissing Mossadegh as Prime Minister. They tried to enlist local army units to assist in the counter coup supporting the Shah and convinced a Colonel commanding a tank unit in Hamadan to help the loyalist cause. Word of his march on Teheran helped to mobilize army elements there. Simultaneously, CIA funds were used to "hire a mob" from the Bazaar area which formed the core of a mass demonstration culminating at Mossadegh's residence. The rightist forces backed by CIA support succeeded in reversing Mossadegh's apparent victory over the Shah.¹⁷³ The Shah returned to Teheran in triumph on August 22, 1953, a date remembered as "31 Mordad". With

Mr. Secretary, I don't like this kind of business at all. You know that. But we are confronted by a desperate, a dangerous situation and a madman who would ally himself with the Russians. We have no choice but to proceed with this undertaking. May God grant us success.170

The United States agreed to join Britain in Ajax with K. Roosevelt as leader of the operation. Operation Ajax sought to develop an internal political crisis in Iran and force the issue of loyalty between the traditional Shah and the Prime Minister with his Tudeh association. The CIA, British Intelligence and Iranian backers believed the people and the army would support the Shah if forced to choose.

By August, the unstable situation in Iran worsened, and the Shah acted:

On August 13, 1953, I decided the time for firm action had come. I signed a decree dismissing Mossadeh and appointing General Fazlollah Zahedi as Prime Minister.171

The Shah's attempt to oust Mossadeh was premature and failed miserably. He and his queen fled to Rome with the intention of soon returning to Iran:

I had already made contingency plans with the help of American friends, who in those days included Kermit Roosevelt of the CIA and the U.S. Ambassador in Teheran, Loy Henderson. We had agreed that should Mossadeh use force to resist his ouster, I would temporarily leave the country. We felt my departure would crystallize the situation by forcing Mossadeh to show his true colors and thus rally public opinion behind the throne.172

approached CIA agent Kermit Roosevelt concerning the prospects of American involvement. Mr. Roosevelt correctly assessed that it depended strictly on the president in power at the time.¹⁶⁷

American use of covert action did become a viable option once the Eisenhower administration takes office after Truman in 1953. Eisenhower appointed brothers John Foster Dulles as Secretary of State and Allen Dulles as CIA Director. Both men were wary of the Soviet threat in Iran and wished to approve the Ajax plan. Secretary Dulles believed that wherever there was social and political upheaval, "the forces of unrest are captured by the Soviet Communists".¹⁶⁸ He did not realize Mossadegh had deliberately planted the fear of a communist takeover in Iran to bargain for more American aid. Mossadegh actually saw himself playing the role of a cat, with the Tudeh as the mouse, but the Eisenhower administration thought the communists had him by the tail. It saw calculated communist plotting in Tudeh demonstrations and Soviet actions such as the assignment of Anatol Lavrentiev, the man who had staged the communist takeover of Czechoslovakia in 1948, as Ambassador to Teheran.¹⁶⁹

Secretary Dulles solicited support for Ajax from American Ambassador to Iran, Loy Henderson, who responded:

peer in the international arena, Iran's western focus dominated its external affairs until the 1978-79 Revolution. What emerges is nationalism once again, only this time it is shorn of the liberal western trappings of Mossadegh's time.

Nationalism is the leading factor and the continuous thread throughout Iran's twentieth-century development. Nationalism as the dominant ideology of our times and its significance for other developing countries is vividly portrayed in Iran.

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