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ANGLO-IRANIAN RELATIONS III. PAHLAVI PERIOD

ANGLO-IRANIAN RELATIONS

iii. The Pahlavi Period

1. *Introduction*. The principles of British policy towards Iran, despite divergence of interpretation over their definition and scope have remained generally the same for a century since enunciated by the Foreign Secretary, the Marquis of Salisbury, in February, 1888, "it is to the interest of this country that the integrity of Persia should be maintained, that its resources should he developed, and that its government should be strong, independent and friendly (Greaves, *Persia*, pp. 256-57). In the 19th century government relations with a relatively quiescent Iran, were primarily conditioned by the

imperial importance of India. For most of the 20th century relations have been dominated politically by the modernization and revival of Iran under the stimulus of Reżā Shah and his son and successor Moḥammad Reżā Shah, strategically by Iran's proximity to the Soviet Union, and economically by Iranian oil. This relationship has been accompanied and influenced by enhanced national consciousness, which has arisen throughout the Middle East as a result of the break-up of the Ottoman Empire, the discovery of oil, and recently by a more intense expression of Islamic identity. Since the end of the Second World War, British relations with Iran, apart from the oil crisis in 1951-54 and the British decision to withdraw from the Persian Gulf announced in 1968, have been of lesser importance?p. 52? in British foreign policy, and the British role towards Iran has been overtaken by closer American interest.

2. *The reign of Reżā Shah (1304-20 Š./1925-41)*. The extent of British complicity in the coup d'état of Sayyed Żīāʾ-al-dīn Ṭabāṭabāʾī and of Reżā Khan is a moot issue. Evidence now available, however, casts some doubts on any official British diplomatic, support but shows personal encouragement by some members of the British military mission, including its chief, Major-General Ironside, for the Iranian army to rally round Colonel Reżā Khan of the Cossack Brigade and for him to keep order in an unstable situation. The Minister and most members of the Legation in Tehran seem to have been generally unaware of such developments (Wright, *Amongst the Persians*, pp. 183-84). The successful coup, which took place on 3 Esfand 1299 Š./23 February 1921, was followed five days later by the denunciation by Sayyed Żīāʾ-al-dīn, then Prime Minister, of the Anglo-Persian agreement of 9 August 1919 (q.v,), an action which greatly incensed Lord Curzon, the Foreign Secretary. The rise to power of Reżā Khan opened a new period in Anglo-Iranian relations. Initially the omens were not thought to be auspicious because of Iranian resentment against British interests and activities and some pessimistic British assessments of the durability of the new Iranian régime, seemingly confirmed by the rapid ousting of Sayyed Żīāʾ-al-dīn in May, 1921.

The arrival of Sir Percy Loraine, as Minister, in Tehran in October, 1921 improved relations. Loraine's attitude was simple: "The Persians have got to learn for themselves, and if you want them to do that it's no use fiddling with them and their affairs, still less intervening and pretending you don't," which Loraine had no intention of doing (Waterfield, *Professional Diplomat*, p. 72). Loraine, who became one of the few British officials to appreciate Reżā Khan's abilities, sympathetically recognized his vision of a reformed Iran and in

return received the confidence of the new Minister of War. Herman Norman, Loraine's predecessor had been apprehensive, remarking that Reżā Khan was "not to be trusted, and is anyhow so politically inexperienced that his régime offers little prospect of stability" (Kittner, *Issues*, p. 62). Harold Nicholson felt the same way later in 1927.

Loraine, on the contrary, was impressed by him from the beginning and believed that he "has consistently shown exceptional ability, in handling matters quite outside his own military sphere . . . . His personal vigour, his singleness of purpose and his patriotism . . . have carried him successively through every difficulty" (ibid. p. 66). This was an important and percipient judgement at a time when the signs were neither favorable nor obvious. It greatly helped early relations with Reżā Khan. Whilst few then shared Loraine's opinion of Reżā Khan it is indisputable that as Shah he came to dominate his country and determine its international relations.

The early decade from 1923 was the most active in laying the foundations for the resurgence of Iran in accordance with Reżā Khan's ideas. Once Reżā Khan had consolidated his power as Prime Minister and then Shah, there were three important aspects of British policy towards Iran which called for attention. Firstly, since Reżā Khan was determined to centralize all authority in Tehran and curb any autonomous provincial tendencies, which had manifested themselves in the later stages of Qajar rule, it was necessary for the British government to review its attitude to the Baḵtīārī khans and Shaikh Ḵaẓʿal of Moḥammara, the later Ḵorramšahr. Loraine was under no doubt that "the cohesion of the Persian Empire as a whole is far more important to British interests generally and in the long run than the local supremacy of any one of our particular protégés" (Waterfield, op. cit., p. 78). British policy expressed in the views of the government of India preferred to support the quasi-independent local rulers and to maintain paramount British influence in the Persian Gulf region, but, in London the Foreign Office, at Loraine's persuasion, accepted the importance of Reżā Khan's role and the need for him to establish firmly his position.

After a display of military force and shrewd intervention in family feuding, Reżā Khan acted with military force in 1923 to prevent the Baḵtīārī khans from retaining their tribal independence. Shaikh Ḵaẓʿal was more obstinate and eventually had to be warned by the British Prime Minister, Ramsay MacDonald, that "in the regrettable event of hostilities, you must expect no sympathy whatever from me" (Waterfield. op. cit., p. 85), an attitude which

dismayed some British consular officials. It was however, a recognition of political realities and was in accordance with a policy of non-intervention in Iranian affairs, which Loraine was adopting, but which most Iranians found hardly credible. Shaikh Ḵaẓʿal defied Reżā Khan and was unceremoniously evicted from his estates on 19 April 1924 and kept a virtual prisoner under house arrest in Tehran (Dawlatābādī, *Ḥayāt-e Yaḥyā* IV, pp. 326-29, 335-38; Makkī, *Tārīḵ-e bīst sāla-ye Īrān* III, Tehran, 1357 Š./1978, pp. 153-300).

Secondly, and involved with Reżā Khan's ambitions program of modernization, was the position of the Anglo-Persian Oil Company (q.v.). The Company's installations and pipelines in Ḵūzestān and its refinery at Ābādān (q.v.), sited originally on an uninhabited mud flat, had become the greatest industrial complex in the Middle East. It was a splendid achievement of modern technology and a pointer to the emerging importance of oil in the world supply of energy. Nevertheless its presence was also an object of suspicion, resentment, a symbol of national frustration, and at the same time a crucial source of revenue and an industrial training facility. The immediate instincts of Reżā Khan during his first visit in 1924 was to protect it on his own terms because of its economic value but by the late 1920s he was perturbed by its political prominence as a foreign enterprise and he was determined to exercise more power over us operations.

There was constant tension between the company's?p.53? commercial and political significance. Because of the world-wide effects of an excess of oil supply over demand in the late 1920s and the economic destabilization of the Depression in the early 1930s, the total royalties accruing to the Iranian government fell disastrously in 1931. On 22 November 1932 the Shah canceled the D'Arcy Concession which regulated the activities of the company. This action, ending four years of inconclusive negotiations for its modification, including a proposal for Iranian government participation in the ordinary share capital of APOC, between ʿAbd-al-Ḥosayn Teymūrtāš the Minister of Court, and Sir John Cadman, chairman of the company, touched off a national debate in Iran.

It was a taxing period for Reżā Shah of political discontent and economic difficulties affecting his industrial projects, especially the construction of the trans-Iranian railway. Expenditure was outstripping revenue. Social reforms were being contested. After protracted negotiations the oil dispute was referred by the British government to the Council of the League of Nations in December, 1932. Further negotiations were held under the aegis of the

council's rapporteur, M. Edvard Beneš, in Geneva, and a new and modified agreement of longer duration was subsequently concluded in April, 1933, in Tehran. Many Iranians entertained strong suspicion about the role of the company in Iran, because they did not appreciate its relationship to the British government, which they believed to be of political subservience rather than commercial independence, particularly in view of the fact of the government's majority shareholding in it (Fatemi, *Oil Diplomacy*, pp. 151-83).

A third aspect of British policy toward Iran was a desire to regularize relations between the two countries on a treaty basis after the repudiation of the Anglo-Iranian Agreement of l919. This became primarily the responsibility of Sir Robert Clive who succeeded Loraine in 1928. A series of discussions between 1928 and 1932 failed to result in any permanent satisfactory settlement, after the revocation of the Capitulations in 1928, which had regulated the presence of foreigners in Iran for many years, made the question more argent. The negotiations were protracted. On the British side there was the tedious need for many government departments to be consulted because of overlapping interests and the fundamental problem of reconciling the priorities of the British government in respect of its commitments as perceived in London and India. On the Iranian side the negotiations were handled by ʿAbd-al-Ḥosayn Teymūrtāš, Minister of Court, "without so much as a secretary to keep his papers in order" (Kittner, op. cit., p. 130). He was, in spite of the existence of the Council of Ministers, almost a one-man cabinet himself, concentrating power in his bands, but lacking the time to cope with all his responsibilities and problems as he interpreted the commands of his monarch, manipulated the movements of his colleagues, and preserved his own position (see M. Rezun, "Reza Shah's Court Minister, Teymourtash," *IJMES* l2/2, 1980, pp. l19-37). As a result there was much opportunism and prevarication, but much less consistency of purpose, although Teymūrtāš professed at the end of 1927 to be impatient for a quick settlement.

There were a number of other troublesome issues including the repayment of previous British loans to the Iranian government and the repeal of tariff regulations considered as preferential to Russian but detrimental to British trade; both were casualties of the failure of the 1914 Agreement. The eventual disposal of the extension of the railway line from Quetta in India into Iranian territory at Zāhedān in Sīstān, which had been constructed in 1917 for British interests, was an untidy minor irritant from the past, and like most other such problems did not improve with age. More practical and pressing matters

included overflying and landing rights for the Imperial Airways, which was planning to inaugurate a regular service to India; the regularization of quarantine restrictions; settling the anomalous position of the stations of the Indo-European Telegraph Company; resolving the situation on the Iranian island of Hangām (Hanǰām), where the Royal Navy had coaling and recreational facilities; visits of warships; lighting and buoying procedures and the relinquishment of wireless stations in the Persian Gulf.

Initially, an attempt, was made by the British government to exclude controversial subjects dealing with Iraq, Bahrain, and the Persian Gulf involving Iranian claims and counterclaims until later, but in vain. Such considerations impinged on British special relations with the Arab rulers on the other side of the Persian Gulf and with the government in Baghdad. There was no British inclination at that moment to upset the status quo there. This offended Iranian aspirations and clashed with their territorial claims on Abū Mūsā (q.v.). the Tumb Islands and Bahrain. Iran claimed the right to intervene in Iraqi affairs on behalf of Iranian citizens in Iraq and some measure of jurisdiction over the Šaṭṭ al-ʿArab, a navigable river separating the two countries. Iran resisted British interception of smugglers, gun runners, anti slave traders. Iran increasingly resented British activities in the Persian Gulf. Towards the end of April, 1931, Clive saw little prospect “of any great change in the present situation” (Kittner, op. cit., p. 145).

Iranian demands were supported with threats of naval action after the appearance of a small navy acquired from Italian shipyards. The Iranian Trade Monopoly Law of 1928 did little to satisfy British trading expectations. The most important single British interest in Iran was the Anglo-Persian Oil Company whose relations with the Iranian government were satisfactory after the new agreement and the improvement in world trading conditions. The British government could offer no concession on any questions relating to the emirates in the Persian Gulf but it believed that Iraq and Iran should engage in direct talks on their respective problems.

Following the dismissal of Teymūrtāš early in 1933, there was no real effort on either side to conclude a treaty. After fruitless consideration by the Council of?p. 54? the League of Nations of Iranian and Iraqi claims, it was British diplomacy which helped to pave the way for a settlement and the conclusion of the Treaty of 4 July 1937 between Iran and Iraq. This in turn removed a main obstacle in the way of finalizing a more general and broader non-aggression agreement on 8 July 1937, known is the Saʿdābād Pact, between

Iran, Afghanistan, Iraq, and Turkey. No progress was made on Bahrain or the other islands since neither side was willing to make any compromise on the issues involved. Plant and equipment for Iranian industrial development and the supply of railway equipment depended more on German involvement and capital than British, though taxation on tea and sugar contributed much to financing the railway. However, the Hawker Aircraft Company assembled military aircraft in Tehran and trained Iranian pilots in the late 1930s. A limited air agreement negotiated earlier was not renewed and Anglo-Iranian relations lapsed into some mutual indifference till they were enlivened after the outbreak of war in 1939.

3. *The war years*. The immediate effect of the war on Anglo-Iranian relations concerned arrangements made between the oil company and the Iranian government. An agreement had been reached through the mediation of Lord Cadman, chairman of the Anglo-Iranian Oil Company (AIOC, name changed at the request of the Iranian government on 28 June 1935), on a visit to Tehran in May, 1939, for Iran to have imports of rails, industrial material and aircraft requirements financed under the British Exports Credit Scheme. The Shah's ambitious projects had again outpaced his financial resources, especially the amount of foreign exchange available to him, which mostly came from oil revenues. These revenues had dropped since production peaked in 1937 at 9,250,000 tons and the company was attacked for its failure to maintain a progressive production increase. The outbreak of war made it difficult to deliver the goods for which the Shah had contracted within the time scale agreed and it was impossible to deliver the military aircraft at all. Moreover the German submarine onslaught and the collapse of Western Europe as a result of the blitzkrieg of Spring 1940 meant increasing losses of tankers. This led to a short-haul policy of rerouting oil supplies and a switch to sources in the western hemisphere. The company was in a dilemma. The Shah was making the strongest representations and threatening to cancel the concession again unless revenue was increased and sterling convertibility to dollars was guaranteed. A compromise was reached in July, 1940, on royalties by pegging annual payments at β4,000.00 for two years, irrespective of production levels. The British government agreed to a limited sterling dollar arrangement to permit Iran to obtain goods and materials in the United States.

Since 1927 and the failure of Iranian efforts to engage American interests in Iranian affairs. Reżā Shah cultivated the involvement of Germany instead. The cultural and commercial links between Tehran and Berlin expanded and

Germany became the first trading partner of Iran immediately before 1939. After the outbreak of World War II, Iran adopted a policy of neutrality, resisting allied pressures to expel the German community. Despite British objections this policy appeared tenable until the German invasion of Russia on 22 June 1941 when the opposition to German presence and activities in sensitive areas all over Iran took a more serious and ominous turn. After several notes and warnings, on 25 August 1941, the Soviet and British forces invaded Iran. Although the protection of oil and strategic interests against subversive German activities had been given as the principal reason for the invasion, the need to support and supply the Soviet Union through Iranian territory became in fact the overriding consideration (see Sir Winston Churchill, *The Second World War II: The Grand Alliance*, Boston, 1948, pp. 476 -77).

The invasion led to the abdication of Reżā Shah on 16 September 1941, and eventually the conclusion of the Tripartite Treaty of 29 January 1942, guaranteeing the independence of Iran. However, the authority of the government in Tehran remained restricted, particularly in the north, as long as the Allied forces remained in Iran. The principal cause of the abdication of Reżā Shah in favor of his eldest son is disputable, but it was not a premeditated act of British policy, although desired by some British government officials (for a very interesting report of the last days of Reżā Shah's reign by a cabinet member, see Q. Ḡānī, *Yāddāšthā-ye Doctor Qāsem Ḡānī* XI, London, 1363 Š./1984, pp. 522-604). Whatever the exact reasons, Reżā Shah's abdication was precipitated by the report that Russian and British troops were to occupy Tehran and that Russian troops were advancing from Qazvīn 90 miles northwest of the capital. The abdication was certainly not prevented by the British Minister as it was being generally welcomed by many Iranians. The departure of Reżā Shah suited different British and Iranian interests at the time, though the circumstances remain provocative.

The departure of Reżā Shah released political pressures which had been suppressed and which, when released, created in the country powerful desires for personal expression and political activity. The Americans became lightly involved in Iran from November, 1941, supplying aid to the Soviet Union and, more vitally from October, 1942, becoming more closely acquainted with the country in the process of manning the Persian Corridor with their allies. This was later to have important consequences. British troops guarded the refinery at Ābādān, where facilities were developed not only for transporting material

along the air and rail corridor to Russia but also for manufacturing crucial supplies of aviation spirit, which were produced there in growing volume from a plant especially constructed for the purpose.

After the ending of the war in Europe British and American forces withdrew first from Iran in accordance with Treaty obligations and in spite of suspicious Russian moves in the northern provinces of the country. The Russians delayed the withdrawal of their troops?p. 55? and showed signs of prolonging their occupation of Azarbaijan. The British government like their American allies protested at the continuing Russian presence and supported the efforts of the Iranian government for their removal, which was ultimately attained by the government of Qawām-al-salṭana in mid-1946. Whatever the provocation for or the justification of the controversial entry of Allied forces into Iran during the course of the Second World War, it was deeply resented and did much to cloud Anglo-Iranian relations in the following years, particularly over the oil crisis in 1951.

4. *The reign of Moḥammad Reżā Pahlavī (1320-57 Š./1941-79).* (a) The oil crisis. Oil was the most important issue in Anglo-Iranian relations in the early part of the reign of Moḥammad Reżā Shah. The installations of the Anglo-Iranian Oil Company then constituted the largest single British overseas investment and the greatest individual source of sterling oil so vital for the British economy throughout the 1940s and 1950s. Although the British government held over 50 percent of the ordinary shares in the company, and had two seats on its board, it was pledged by the Treasury understanding of 1914 not to interfere in its commercial affairs. There was no government control over the company as confirmed by successive governments. The difficulties experienced by the company in Iran between 1946 and 1954 affected its relationship with the British government, a controversial subject, which became a considerable issue in Anglo-Iranian relations and, indeed, in international affairs.

Shortly after the withdrawal of British forces from Iran on 2 March 1946, unrest was fomented among the Oil Company’s work force against housing conditions, wage rates and alleged job discrimination. There was a measure of social justification in some of the demands as standards of accommodation had suffered from the scarcity of materials occasioned by the war and increased unemployment. Nevertheless the strike has to be seen not only as a threat to the company but also as a challenge within the context of the Iranian political situation by the increasingly assertive policy of the communist-inspired Tūda party and the renewal of political awareness and activity after

the abdication of Reżā Shah. The controversy over British, American, and Russian demands for an oil concession in 1943-44 focussed attention on the public's attitude to the oil concessionary situation. The amount of royalties received from the company re-emerged as a matter of national concern, and the company's existence, operations, and activities became a focal point for national grievances and a pawn in the constitutional struggle between the Shah and his opposition.

After negotiations, which had been in progress since the end of 1947 by AIOC with a number of Iranian governments, a Supplemental Agreement was signed on 19 July 1949 which envisaged doubling the rate per ton and guaranteed a minimum rate of return on the dividend payments available to Iran under the 1933 concession. In financial terms at that time it was a reasonable settlement, but its acceptability was affected by, amongst other causes, controversy brought about by Iranian disagreement over the effects of the British government's dividend limitation measures from 1948, and its devaluation of sterling in 1949. Besides, there were disagreements over free and official rates of gold exchange as well as continuing sterling/dollar convertibility problems, on which the British Treasure, because of the financial state of the United Kingdom, was very cautious. In the few weeks before the end of the 15th Majlis in August, 1949, no vote could be taken on the agreement. During the latter days of the premiership of Moḥammad Sāʿed, ʿAlī Manṣūr (1950), and General ʿAlī Razmārā (1950-51), AIOC and the British government considered that the Supplemental Agreement constituted a fair offer whilst the Iranian government, later pressured by the Majlis Oil Commission, and a defiant national mood, kept claiming better terms. The controversy became an issue championed by the National Front deputies led by Dr. Moḥammad Moṣaddeq (q.v.), who had been opposed to all foreign oil concessions. Eventually the Anglo-Iranian Oil Company was nationalized by the Majlis in April, 1951, mainly due to the relentless campaign of Dr. Moṣaddeq and his supporters who had gradually mustered enormous national support for the cause on political rather than economic grounds.

A number of abortive negotiations were held to solve the oil problem including an ineffectual resumption of talks between the Iranian government and the Anglo-Iranian Oil Company in June, 1951, the so-called Jackson mission, before the company withdrew the last of its staff from Iran on 4 October. A joint mission front the British and American governments under Richard Stokes and Averil Harriman, failed to reach an agreement with the

Iranian government in August, 1951. An appeal to the Security Council by the British government on 29 September was inconclusively adjourned on 19 October. The mediation of the World Bank was unsuccessful in the spring of 1952; one of the Bank's principal negotiators, Hector Prud'homme, remarked on 24 March that, "Our difficulty was that we were dealing with political men and not businessmen." The International Court of Justice, after giving the company an interim measure of protection on 5 July 1951, ruled itself incompetent on 22 July 1952 to deliver judgement on the merits of the case presented by the British government. In September, 1952, Dr. Moṣaddeq rejected a joint British and American approach to settle the oil dispute, and on 22 October 1952, diplomatic relations were severed with the United Kingdom.

As early as mid-August, 1951, the British government had given up hope of being able to reach a settlement with Dr. Moṣaddeq. Some ministers would have countenanced the use of force to retrieve the situation but the majority of the British cabinet did not approve of such measures. Some British officials were contemplating a clandestine operation to remove Moṣaddeq from power, but when the Conservative Party won the general election on 25 October 1951, Anthony Eden, the new Foreign Secretary, refused to countenance the idea?p. 56? without American agreement. Winston Churchill, whilst campaigning on 7 October, maintained that "if a strong conservative government had been in power the Iranian crisis would never have arisen in the way it did."

American reaction to the deterioration of Anglo-Iranian relations was mostly prompted by fear of a Tūda (Tūdeh) party take-over with Russian backing. Early American relative neutrality and reluctance to get involved in covert action under the Truman administration later turned to enthusiasm in the Eisenhower administration, which entrusted the enterprise to Kermit Roosevelt, head of CIA operation in the Middle East. He made arrangements with General Fażlallāh Zāhedī, who was to carry out the coup which was intended to topple Dr. Moṣaddeq. This was eventually accomplished on 20 August 1952. By then Moṣaddeq's popularity had diminished and his support had dwindled. His efforts for the independent marketing of Iranian oil were frustrated by British legal actions and economic measures. The Iranian economy was suffering. Moṣaddeq's challenging the power of the Shah by insisting on becoming Minister of Defense, postponing elections for the Majlis, and breaking off relations with the United Kingdom, while alienating the moderates in the government and in the army, were no substitutes for the badly needed foreign exchange which the flow of Iranian oil to international

markets used to generate. Iranian oil was replaced by growing production from Kuwait and elsewhere.

British relations were resumed with Iran on 22 December 1953 when General Zāhedī assumed premiership. A year later, after a series of international discussions between the American and British governments and between some of the major international oil companies, an agreement was negotiated between representatives of the oil companies, the British and Iranian governments setting up a Consortium with specific responsibilities to act on behalf of the Iranian government and in association with the National Iranian Oil Company. AIOC received a 40 percent shareholding and compensation from the Iranian government for the nationalization of its Iranian assets. After nearly four years the Iranian oil industry was again contributing to the national economy. It continued to do so with ever increasing importance over the next two decades in helping to assert Iranian independence on the international scene.

(b) The middle years. In the years that followed the oil settlement there were few issues of specific concern affecting Anglo-Iranian relations. Iranian relations with the United States and the Soviet Union were inevitably the Shah's major concern in foreign affairs though he joined the Baghdad Pact on 10 October 1955, associating himself to some extent with regional British policy and expecting in the process to acquire armaments from the United States. This was part of the traditional balancing act associated with Iranian diplomacy over the centuries. In spite of gloomy and unfounded predictions relations between Iran and the United Kingdom improved quickly and, apart from the issues of Bahrain and disputed islands in the Persian Gulf, little divided the two countries. Moreover, the myth that Britain still played an important part in shaping Iran's affairs died hard and as a result British prestige remained high.

This, indeed, was a paradox which persisted throughout the period and was a major influence on relations. The view prevalent among many Iranians that the British are to blame for almost every mishap in their modern history have reasons that are complex, historical, and psychological but not unique. The Shah was particularly susceptible to this interpretation. The more he professed to welcome unofficial advice from British ambassadors, for example, the more he doubted their impartiality and suspected their influence (see, e.g., Parsons, *The Pride and the Fall*, p. x for a striking example of such suspicion). In the oil dispute, the British government was accused by some of

having thwarted the will of the people, but at the same time, without any apparent contradiction, alleged by others to have encouraged the people to oppose their own government. But in spite of some mutual and unfortunate misunderstanding, over the years cultural exchanges increased, especially in education, trade developed, and personal relations remained friendly.

As in the later 1920s and early 1930s it was the Persian Gulf that was to become the focal point of Anglo-Iranian relations in the later 1960s and early 1970s, not because of any particular British initiative which ran counter to Iranian claims but rather because the traditional British commitments to the area were weakening and Iran was asserting her own pressure to protect and later expand her interests. On 12 November 1957 Iran claimed Bahrain as the 14th Iranian province causing both British and Arab protests, but it was the Iraqi Revolution of the following year which had the most serious repercussions on Iranian policy towards the Persian Gulf and precipitated a period of anxiety and eventual hostility between Iran and Iraq. President ʿAbd-al-Karīm Qāsem in December, 1959, claimed sovereignty over a small but important stretch of the Šaṭṭ al-ʿArab, which was rebutted bv Iran and counterclaims were made. Meanwhile relations with Egypt deteriorated and the position was exacerbated by Arab claims in 1964 and 1965 that Ḵūzestān was part of “the Arab homeland.” There was a slight thaw when President ʿAbd-al-Raḥmān ʿĀref visited Iran in March, 1967.

On 30 October 1967, the day that the British government finally decided to withdraw from Aden, the Minister of State at the Foreign Office, Goronwy Roberts, left to reassure the rulers of the Gulf states and the Shah that the decision did not imply any other abandonment of Britain’s responsibilities in the area. He confirmed that at a press conference on 13 November: “Britain will stay in the Persian Gulf as long as necessary to maintain peace and stability.” The withdrawal from Aden was successfully completed on 28 November. On 4 January the British government changed its mind because of a deteriorating financial?p. 57? situation including the devaluation of sterling on 18 November and decided on military withdrawal from east of Suez by March, 1971. Goronwy Roberts returned to the Gulf on 7 January where his news was greeted with uncertainty, consternation, and some scepticism. In a further development the following month, it was learnt that the British government was sponsoring a federation of Arab emirates to replace the existing treaty relationships it had with certain Gulf States. The Shah, who had not been forewarned, was anxious and alarmed at the implications of the

adherence of Bahrain. As he warned in March and May he would not countenance “a colonialist and imperialistic manipulation and an attempt by Britain to come back through the back door after making plans to withdraw from east of Suez in 1971.”

This reversal of British policy was a major international announcement, which while creating more uncertainty for Iran, at the same time provided an unprecedented opportunity of realizing a dream of Iranian paramountcy in the Persian Gulf area and beyond into the Indian Ocean. This was a temptation to which the Shah succumbed as he contemplated the grandiose celebrations arranged for the 2500th anniversary of Iranian monarchy and his own identification with the pre-Islamic grandeur of the imperial Achaemenian Empire. A period of intense diplomacy followed as Iran maneuvered to fill the power vacuum, which would result from the British decision to leave the Gulf. The Shah was initially opposed to the idea of an Arab Federation, which would present him with a *fait accompli* over Bahrain and the disputed lands. The strategy was to withhold approval from the Federation as a bargaining point in order to press Iranian claims as far as possible.

On 4 January 1969 in New Delhi the Shah played his trump card by offering a compromise on claims to Bahrain, by which be would accept “an expression of the will of the people of Bahrain.” The British government was concerned to make an orderly exit from the Persian Gulf so as to leave a satisfied Iran and a stable Union of Emirates behind, and to ensure good relations between all concerned. It was, therefore, prepared to reach agreement with Iran on the Federation, once the independence of Qatar and Bahrain was settled in order to achieve Iranian cooperation. As the solution of the dispute over Bahrain was drawing closer, the Shah insisted on Iranian claims to the islands and the negotiations regarding sovereignty over them intensified. These discussions led to an agreement between Iran and Sharja concerning the island of Abū Mūsā. On 30 November 1971, only hours before British official departure, Iranian forces occupied Abū Mūsā and the two Tumb islands.

The oil issue may have become quiescent but oil revenues were central to the Shah’s “White Revolution” and “Great Civilization” strategy as projects once again outstripped financial resources and pressure was frequently exerted on the oil companies for greater oil revenues, particularly in 1966-67. Iran was a founder member of OPEC in 1960. In 1971 and again in 1973 the Shah played a prominent part in OPEC’s confrontation with the international oil companies in obtaining higher oil revenues which British and American diplomatic

concern was unable to prevent. A rather ostentatious display of goodwill was arranged for the Shah and the empress Farah̨ on their visit to England in the summer of 1973.

(c) The last years. Anglo-Iranian relations were generally good in the last years of the Pahlavi monarchy but British influence had lessened. Unfortunately, although there was no lack of advice to the Shah on his overheating economy and the burden of his armaments program to which he was hardly induced to listen, less attention was paid to the potential seriousness of the voices of discontent that were being expressed. By the time these sentiments were openly recognizable there was little time to realize their real significance before the Shah's régime collapsed. This was not a matter of neglect or indifference, though it might be associated with a differing emphasis on the priorities of British policy towards Iran. Sir Anthony Parsons has defined his objectives and explained his problems in his book, *The Pride and the Fall*. He hoped "to continue the work of building a close and normal relationship with the Shah and his government" and to dispel the impressions of former British interference in the internal affairs of Iran. This was the big bogey of Anglo-Iranian relations. The commitment of Loraine at the commencement of the Pahlavi period failed to overcome it and the determination of Parsons at the end was no more successful. He did not conceive it to be his responsibility to advise the Shah on his country's political, social and religious situation, nor to concentrate on the gathering of information on such subjects which would have disturbed the trust and confidence which he was seeking to establish with the Shah. This meant taking the Shah at his face value. In retrospect, this was an acceptance of the myth of the mask, which the Shah had contrived for himself. It may have been a gamble, but he felt there was little option.

The Shah and his country were synonymous, and in the short term "a valuable ally for Britain" whose "relative tranquility and pro-western orientation̨from the mid 1950s until the late 1970s was of cardinal importance . . . to crucial British material interests" in a turbulent period. Iranian cooperation was essential for preserving the peace in the Persian Gulf area and ensuring the vital flow of oil to the industrialized nations. Iranian assistance in helping to contain the rebellion in Dhofar in the mid 1970s, which was undermining the authority of the Sultan of Oman, was appreciated. It seemed unlikely that there would be any other régime in Iran "whose commercial, foreign and strategic policies would be more favourable" to British objectives. Hence the priority placed upon the embassy acting "as an agency for the promotion of

British exports and for the general commercial financial and economic interests of Britain." Iran became the largest export market for the United Kingdom in the?p. 58? Middle East, comprising civilian and military goods.

This British policy on its own terms was consistent and successful, but it depended upon "political community." Parson's admission that "our principal anxiety was that the régime had become over dependent on the Shah as a person and that his sudden removal from the scene . . . would create a dangerous power vacuum" was not a confession of failure but a recognition of a reality of Iranian political life. The British government like the American was unable to sustain or receive the Shah in exile, nor were they able to welcome the new Islamic Republic with conviction.

There have been many apocryphal explanations for the demise of the Pahlavi régime in 1979, including those critical of British policy towards Iran, both for causing it and for not preventing it. The dilemma was already facing British merchants of the East India Company in the reign of Shah ʿAbbās I. They reported in 1618 that "this Kinge is a Marchant, here cummeth not aney Commodities to towne but hee by his Ministers hath the refusall: any profitt thereby, the Marchant shall none of it, hee knowes his Marchants, forceinge his subjectes to take it againe at his price." (India Office, E/3/6/700, Pettus to East India Company, 30 November 1618.) Nonetheless, there was no doubt that one fact in particular was "most consequentall your Honours knowledge and consideration. If God should call this Kinge it would bee a question whoe should suckeed." (Ibid.)

See also Reżā Shah, Moḥammad-Reżā Shah, Moḥammad Moṣaddeq, and Bahrain. For cultural ties see British Contribution to Iranian studies and the British Council.

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