The Attlee Government and the Collapse of British Power in Iran, 1945-1951

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This thesis is submitted for the degree of PhD
I, Jack Taylor, confirm that the work presented in this thesis is my own. Where information has been derived from other sources I confirm that this has been indicated.
Despite the vast amount of literature concerned with the Attlee government’s management of the British Empire, there are still a number of key knowledge gaps, not least concerning Anglo-Iranian relations during this period. Although generally perceived as an independent nation, this thesis argues that Iran should be considered part of the informal empire, thanks to the disproportionate influence wielded there by the Anglo-Iranian Oil Company. The company, a state owned, but privately managed organisation, was the leading source of taxes and foreign currency for the Iranian Exchequer and supplied not only jobs, but also roads, housing and even policing through its private security force. At the end of the Second World War it seemed to be in an insurmountable position: a totem of informal domination. Indeed, the vast Abadan oil refinery was Britain’s largest single overseas asset.

However, within just six years the oil company had been nationalised and Britain’s informal hold in Iran destroyed. This thesis sets to outline why this happened and to argue that British power collapsed due to a noxious mixture of orientalism and mismanagement within both the government and the Anglo-Iranian Oil Company itself. It will argue that the British failed to understand the Iranian political system or Iranian society and applied wrongheaded policies with little by way of a long-term vision. As economic and political conditions in Iran deteriorated, the Foreign Office found it impossible to align the oil company’s goals with its own, exacerbating fissures between them. At the root of the crisis was a clash between Iranian nationalism and the Attlee government’s seemingly irreconcilable goals of building a New Jerusalem at home while simultaneously raising living standards across the empire. Watching from the sidelines, the United States, Britain’s most important ally, grew increasingly concerned that unrest in Iran could lead to communism, necessitating that they become ever more embroiled in an area with which they had few identifiable interests.

Utilising primary research carried out in public and private archives on both sides of the Atlantic, plus a wide range of secondary materials, this thesis provides new insights into the collapse of British power in Iran and a valuable contribution to wider arguments as to the success of the Attlee government’s foreign policy. Particular emphasis is given to discussing the plurality of empire, the interplay between diplomatic and non-diplomatic actors operating at its fringes and the challenges of fusing the interests of the public and private sectors.
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Chapter 1: Introduction

This thesis examines British policy towards Iran between the election of Clement Attlee’s Labour government in 1945 and the nationalisation of the Anglo-Iranian Oil Company (AIOC) in 1951. Although a valuable case study in the limitations of informal empire and the weaknesses of British foreign policy under Attlee, the post-war Anglo-Iranian relationship is an under-explored subject. To date no substantive studies have been published in this area, and instead it is treated as an adjunct in Cold War histories or as a subsection of analysis of the Middle East at large.

This is surprising given that the Anglo-Iranian relationship during this period was quite unique. By no means a formal colony or protectorate, Iran was instead part of the informal empire thanks to the AIOC’s disproportionate influence there. The oil company was not only a major employer and source of tax revenues, but the leading source of direct foreign investment and a supplier of key services including roads, schools and hospitals. The importance of Iranian oil to Britain was also undeniable. For example, the Abadan oil refinery was Britain’s largest single overseas asset: a testament to British power and the Royal Navy’s leading source of fuel.

Although nominally a state-owned asset, the AIOC was run very much as a private company. For example, the British government had no active representatives on its board of directors, and communication channels between the company and the state were limited with civil servants from the Ministry of Fuel and Power serving as reluctant intermediaries. The company was, however, a major source of tax revenue which, when coupled with the de facto representation it offered in the Middle East, was traditionally seen as something of a justification for maintaining the status quo. In turn, the AIOC became independent of both the government in London and its equivalent in Tehran.

Upon their election in 1945, Attlee’s government looked to alter this situation and to simultaneously strengthen relations with Iran through a comprehensive development program. It was hoped that by raising living standards and improving workplace conditions they might be able to improve Anglo-Iranian relations and engender a sense of goodwill towards London. However, by the end of 1951, just six years after Labour’s election, Britain’s informal empire in Iran had collapsed, the AIOC’s assets there nationalised and the union flag at Abadan lowered ignominiously. Although Britain would eventually salvage a stake in an internationalised oil company their monopoly over Iranian oil was very much over.

This thesis’ original contribution is to suggest that the decline of British power in Iran was largely the result of two factors: institutional division leading to mismanagement and orientalism. Although the AIOC was a vital representative of British power overseas and a nationally owned enterprise, policy makers in Whitehall had little control over its direction. The company’s management was headstrong in its approach and focused solely on maximising its profits with little interest in the effect this could have on Anglo-Iranian relations.
With the Labour government, driven by Foreign Secretary Ernest Bevin, determined to adopt a more conciliatory stance in Iran friction was an inevitability. Additionally, although Bevin’s policy was well intentioned, it failed to understand fully the challenges facing Iran and was applied in a haphazard fashion. Plans for reform were made without consulting the Iranian people and without considering the possibility of resistance from the AIOC, which was keen to reject micromanagement and unnecessary government interference. The division between the company and the state became particularly acute during discussions on the terms of the Supplemental Agreement, an amendment to the pre-existing Anglo-Iranian Oil Agreement. Despite successive efforts to shape AIOC policy and growing pressure from the United States to achieve a more equitable settlement, the British government was unable to exert any influence over the company, illustrating a fundamental weakness of informal empire.

British disunity and mismanagement helped to create conditions in which nationalism could prosper. With Supplemental Agreement negotiations dragging, fringe nationalists were able to gain a foothold, rallying support from across Iranian society and tapping into latent anger towards Britain’s informal hold there. However, even as nationalist ideas festered on the streets and in the bazaars, British diplomatic actors, formal and informal alike, repeatedly failed to comprehend them.

The Iranian people were routinely orientalised and perceived as unable to succeed without British guidance. Paternalism was a pernicious influence, one that meant otherwise skilled policy makers grew complacent, overlooking the oncoming nationalist tide. The AIOC’s leadership were not immune from such shortcomings and, even at a time when cooperation was desperately needed, they refused to engage with the British government to develop a more cooperative and conciliatory policy.

The collapse of British power in Iran is an important case study for two reasons. First, it illustrates the limitations and frictions that can undermine informal empires. Second, it demonstrates an area of critical weakness for the Attlee government and for Ernest Bevin’s leadership in particular. While Bevin’s tenure as Foreign Secretary is perhaps best remembered for the creation of the North Atlantic Treaty Organisation and implementation of the European Recovery Plan it is important to remain vigilant and to probe those areas of failure as well as success. It is hoped that in doing so this thesis will prove a useful addition to the canon of literature available and provide a lasting contribution to a generally overlooked area of study.

**Historiography**

It is important to understand the research that has taken place to date and to locate this thesis within the wider historiography. To do this a historiographical review will be undertaken, utilising four subsections. The first will outline the importance of understanding Britain’s informal empire and Iran’s place within it, and discuss the significance of British orientalism. The second will explore the historiography of Anglo-Iranian relations and discuss its limitations. The third subsection will analyse the development of the Labour Party’s approach to foreign policy and the impulses, both traditional and novel, which shaped the Attlee
government’s approach in this field. Finally, the fourth subsection will investigate the Anglo-American relationship and how it influenced British policy in the Middle East.

1. Britain and Iran: Informal Empire and Orientalism

Understanding the Informal Empire

Although one of the salient features of international relations for some three hundred years, defining what constituted the British Empire remains an important subject of academic discourse. To the popular imagination the empire generally refers to those nations coloured red on nineteenth century globes, and denotes London’s formal rule over far-flung dominions. However, the notion of the British Empire as a constitutional entity fails to take into account the diversity of a system that was far from uniform in its makeup and management.

It is important to recognise that nations and territories could be drawn into the imperial system through economic, social and religious ties to Britain even if they were not formal dominions. A. G. Hopkins describes imperialism as involving “the diminution of sovereignty through the exercise of power” with sovereignty defined as “control over the key elements of statehood.”1 In an informal empire, the influence of foreign citizens and businesses over the flow of information, the provision of credit facilities or economic development may all impede a nation’s ability to exercise its own sovereignty and statehood. Acknowledging the existence of the informal empire, directed by non-state actors, is vital to understanding the British Empire more fully.

The term “informal empire” was originally used in 1934 by Charles R. Fay to explain why the British did not seek to subjugate profitable trading partners, but Ronald Robinson and John Gallagher were the first to use it to explain the underpinning of Britain’s imperial system itself.2 Their co-authored 1953 article ‘The Imperialism of Free Trade’ proposes that, during the mid-Victorian period, maintaining British investment overseas was the overriding imperial goal. However, while the goals of the “official mind” of empire were based on continuity and mutuality between those working within it, the means of achieving them were fluid. In particular, Robinson and Gallagher stress the importance of non-state actors in the development and maintenance of a pluralist empire, one shaped by both excentric and metropolitan influences.3 John Darwin goes further, noting that although the “official mind” was “guided by its own memories, traditions and values”, it was reactive to changing circumstances, particularly at the peripheries where the influence of

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settlers, missionaries and traders was strongest. In this sense, individuals and non-governmental organisations were able to exert influence over the empire’s governance, shape and development. Working beyond Whitehall’s control, the form the empire took at its peripheries owed much to their own attitudes and experiences, as well as the conditions, whether economic or social, that they faced.

While successive British governments had utilised traditional methods of imperial governance, including annexation, to guarantee their economic interests, the integration of overseas regions into Britain’s economic sphere was no less important a process. It created a network of informal power driven by the private sector and maintained with little government influence. In turn, a number of historians have argued that areas of British economic predominance, though not necessarily formalised control, should be considered in studies of the empire. William Roger Louis has crystallised this belief, stating that “looking at maps in imperial colours in order to judge the nature of imperialism...is like gauging the size of icebergs only by the parts above the waterline.”

As Frank Ninkovich suggests, empires are built by the “effective control of an outside power” and while this may include annexation and constitutional subordination, it can also include “the workings of private social forces without overt political control.”

Susan Strange posits that historians tend to concern themselves with relational power between states i.e. the contests and bargaining between given authorities, usually national governments. Concurrently structural power and the context of relations is too often ignored. She identifies four aspects of structural power: control over credit, control over production, control over security, and control of knowledge, beliefs and ideas. In an informal empire private actors may establish the structural framework in which all future relations take place. Thus while relational power between two nations appears even, perhaps because of agreed upon trade and security treaties, a structural imbalance exists beneath the surface. Relations are complicated further by Edmund S. K. Fung’s suggestion that private individuals and organisation attempt to seek the benefits of empire, “without assuming the responsibilities - administrative, financial and military - of formal rule.”

Latin America is readily identified as an example of an area where the “informal techniques of free trade” brought nations like Argentina into Britain’s imperial system. Although not a formal dominion, Argentina relied disproportionately on British trade and investment, thereby engendering a sense of dependence on London from Buenos Aires. As A. G. Hopkins notes, by 1914 around half of Argentina’s fixed assets were

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owned by foreigners, primarily the British, while Argentine investors controlled an “infinitesimal share of British assets.” Similarly, while Argentina conducted around “28 per cent of her foreign trade with Britain in 1913...less than 5 per cent of Britain’s overseas trade was accounted for by Argentina.” This structural imbalance was driven by private enterprise and not by government forces. However, it created an unambiguous relationship of British dominance and the integration of Argentina into their imperial system. In this equation the British government’s role was limited with little by way of planning or governance emanating from Whitehall.

The expansion of informal empire was beneficial to Britain because it integrated new markets into the imperial system and enabled the exploitation of valuable foreign commodities. However, it also created a tension between the firms and individuals operating at the fringes of the empire and the government in Whitehall. There were no guarantees that British firms, pursuing short term profits, would act in the country’s long-term interests, or that the structures they created overseas would offer the optimal environment for British diplomacy. Alexander Schölch has suggested that in pre-modern and modernising states the “men on the spot”, whether diplomatic, economic or military, had the ability to alter relations between states and to pursue policies with limited metropolitan influence. Thomas Otte has developed this line further and suggested a reservoir of insularity in the far-flung reaches of the British Empire where the power of the state was challenged by private bodies and individuals.

Similarly, the informal empire was difficult to place within wider government strategy overseas. While the Colonial Office had been created to deal with colonial affairs and Britain’s foreign possessions (excluding India, which was managed by the India Office), it had no remit over the informal empire. Robin Winks notes this dichotomy, acknowledging that the informal empire grew independently from Colonial Office planning. Territories within the informal empire were also not included in Colonial Office plans for economic development or integration, areas that would become particularly important after the Second World War. Despite the economic value of the informal empire its existence beyond the scope of government and the reality of administration by private actors meant that little systematic analysis of its place within the wider imperial system took place.

When analysing the informal empire it is important to acknowledge subimperialism as an alternative means of expanding British power overseas through private means. Although related, the subtle but important
differences between these terms should be recognised. As John Darwin notes, subimperialism is a process carried out by “agents” working at the fringes of empire who, whether engaged in mercantile or missionary endeavors, undertake acts of “lobbying” to gain official support for their actions.15 While informal empire sees “influence worked almost entirely through private interests and enterprise, with at best spasmodic intervention by diplomats and advisors”, subimperialism sees the development of a “strategic lobby” as private individuals seek to “enlist support from home.”16 In turn, a “hinge or ‘interface’” is created at the fringes of empire between individuals and organisations drawn from both public and private spheres. D. K. Fieldhouse agrees, stressing the importance of lobbying requests made by sub-imperialists working at the “imperial periphery” and suggesting that “Europe was pulled into imperialism by the magnetic force of the periphery.”17 John McKenzie describes this process in nineteenth century Africa, arguing that Europeans “cajoled and eventually convinced their mother government to extend imperial rule” offering them a degree of protection.18 In his analysis of Japanese imperialism, G. W. Beasley makes similar claims, suggesting that subimperialism involved those “initiatives taken by men in positions of responsibility overseas, confident that a successful fait accompli would be ratified by their government at home.”19

Throughout this study the term informal empire, as opposed to subimperial empire will be used when referring to Iran. Although there was a large degree of interaction between the British government and the Anglo-Iranian Oil Company, the latter was run as a private body and did not seek to leverage support for its actions from the state. The “strategic lobby” described by Darwin did not exist in Iran, where competition and conflict between the company and Whitehall was a hallmark of the post-war period.20 Where the British government took a proactive role in Iran, for example in their efforts to restructure the Iranian trade union movement, it did so of its own volition and without instruction or invitation by the AIOC. Similarly, even in times of difficulty, for example during the late stages of discussions on the Supplemental Agreement, the oil company was loath to call for government support and remained fiercely independent.

The interface between the public and private sectors has been of particular interest to Peter J. Cain and Anthony G. Hopkins. In their study British Imperialism (2002), Cain and Hopkins propose that the British Empire was created and sustained by the actions of a “gentlemanly capitalist” class, made up of bankers, merchants and government officials, operating from within the City of London.21 They suggest that the class’ makeup was reinforced by private schools, elite universities and networks of social clubs, creating a

16 John Darwin, ‘Imperialism and the Victorians,’ 617, 628 and 635.
20 Darwin, ‘Imperialism and the Victorians,’ 635.
sense of mutual reliance between actors from the public and private spheres. It is tempting to suggest that the informal empire was also built upon this gentlemanly capitalist class and the strong relationships within it. However, this would be something of a misreading given the diversity of the informal empire and those who helped to build and manage it.

As Nicholas J. White argues, the empire’s governing class was not as discrete as Cain and Hopkins’ theory suggests. In Malaya he notes that “hairy kneed - and often Scottish - rubber planters had separate bars in the European clubs and were not expected to fraternize with the linen-clad - and mainly English - civil servants.” Antipathy was, according to White, shared not only between the different nationalities which made up the empire, but also between different sectors of imperial governance, hindering the solidification of the gentleman class. It should, for instance, be recognised that “many business leaders were contemptuous of public servants and politicians.” The sharp differences identified by White became particularly clear when tested by pressure overseas. In the post-war era, as nationalist movements emerged across the globe and the Cold War posed a new and dangerous threat, the lack of formalised communication between the public and private sectors became increasingly clear, as too did the former’s inability to influence and guide the latter. Sarah Stockwell notes that British business interests were “much more than bystanders” in the rapid political and social change that followed the Second World War. The management of the empire was then a fluid process that could be influenced by nominally independent and unaligned bodies. Notably, Stockwell rejects “the collaborative model of business-government relations” and, like White, is sceptical towards the existence of a “cosy City-Whitehall nexus.”

Informal and Subimperial Empire in the Middle East

Across the Middle East, the British Empire was constructed and sustained through informal and subimperial means. Peter Sluglett, for example, notes that Britain “had no colonies of settlement in the Middle East” and instead maintained its interests there through “unequal treaties...and....sizable economic interests.” As John Gaddis suggests, a lack of formal dominions or colonies is no barrier to the construction of empire, a system he defined as one in which “a single state shapes the behaviour of others, whether directly or indirectly, partially or completely, by means that can range from the outright use of force through intimidation, dependency, inducement or even inspiration... [A nation] need not send out ships, seize territories, and hoist flags to construct an empire.”

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23 Ibid., 549.


25 Ibid., 232.

26 Peter Sluglett, ‘Formal and Informal Empire in the Middle East’ in Winks, Historiography, 423.

Although nominally independent, countries like Egypt, Iraq and Transjordan were, according to James Onley, “just as integrated into Britain’s imperial system as British protected states. Their state infrastructures - from their militaries and civil services to their postal offices and schools - were often organised and run along British lines.” These structures were complemented by substantive British economic interests, which increased greatly in the late nineteenth and early twentieth century. In 1875 Britain purchased the Egyptian government’s shares in the Suez Canal and in 1882 invaded the country, ostensibly to defend it from a nationalist uprising. Occupation followed, enabling Britain to control the levers of power in Egypt with the word of British advisor given primacy over Egyptian ministers. Subsequently, British soft power rose exponentially thanks to substantial investment in key industries like cotton and the extension of credit, usually with “unfavorable terms” attached.

The depth of British interests in the country leads Philip D. Curtin to describe Egypt as a “veiled protectorate.” In 1914, the outbreak of the First World War and resultant threat to the Suez Canal from the Ottoman Empire, led Britain to formalise this status. The protectorate was short lived and in 1922 Britain unilaterally announced Egypt’s independence. However, British influence remained resolute. Not only did London retain control of the Canal Zone and strong links within the government, but also, thanks to the soft-power of British entrepreneurs, dominated the upper echelons of Egyptian business. Additionally, Egypt’s inclusion within the Sterling Area limited the country’s economic sovereignty and provided “a sustained framework for international monetary relations” orchestrated by the Bank of England. It is clear that, despite Egypt’s nominal independence, its inclusion within the empire was, in the words of William Roger Louis, “just as much a reality as that of the Raj in India.”

As in Egypt, the First World War enabled Britain to extend its influence in what was then the Ottoman Empire. Strategic imperatives here included military bases, the defence of British oil companies and shipping firms operating in the Persian Gulf. The Mesopotamian Campaign was launched in November 1914 and saw British Empire forces (largely Indian and Anzac) invade and occupy modern-day states including Israel.

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28 James Onley, ‘Britain’s Informal Empire in the Gulf, 1820-1971’ Journal of Social Affairs 22, No. 87 (Fall, 2005), 35.

29 A. G. Hopkins states that: “Britain had important interests to defend in Egypt and she was prepared to withdraw only if conditions guaranteeing the security of those interests were met—and they never were.” A. G. Hopkins, ‘The Victorians and Africa: A Reconsideration of the Occupation of Egypt, 1882’ The Journal of African History 27, No. 2 (July, 1986), 387.


36 It is notable the British India Steam Navigation Company had established a regular shipping route between Basrah and Mumbai as early as 1862 with ports including Dubai and Kuwait City serving as key strategic points along it. Defending this route, and the Suez Canal, was seen as a strategic imperative. Onley, ‘Britain’s Informal Empire in the Gulf’, 38-39.
Jordan and Iraq. Under the 1916 Asia Minor Agreement the former Ottoman territories were divided between 
Britain and France. This partition was codified during the 1920 San Remo Conference and saw London take 
control over United Nations mandates in Mesopotamia and Palestine. However, in the latter, a distinction 
was subsequently drawn between the semiautonomous Palestine and Transjordan regions. 37

The mandate system enabled the British to shape the administration and business of much of the Middle 
East. For example, the Iraqi government did not receive any equity in the oil stocks uncovered there by the 
Turkish Petroleum Company in 1925, despite Baghdad’s demand that they receive at least a 20 percent stake 
in any concession. In contrast, British firms AIOC and Royal Dutch/Shell were awarded a majority share of 
the extraction and refinement rights under the terms of the Red Line Agreement. 38 More subtly, Iraq’s 
inclusion in the Sterling Area meant that the country had no control over money supply and struggled to 
built an effective private sector banking structure: weakening investment and economic sovereignty. 39

Underwriting Britain’s economic preponderance was political muscle. In 1921, for example, a British council 
of ministers, on the advice of T. E. Lawrence, selected the former King of Syria, Faisal I bin Hussein bin Ali 
al-Hasimi, to govern the country and even after Iraq declared its independence in 1932 Faisal remained King, 
ensuring the continuity of British influence. 40 After Faisal’s death in 1933 his son Ghazi, a pan-Arab 
nationalist, took the throne, but struggled to contend with the difficulties caused by military and civic 
rebellions. These reached a crescendo in 1941 when a coup overthrew the pro-British Prime Minister Nuri 
as-Msaid, replacing him with Rashid Ali al-Gaylani, a sympathiser to Nazi Germany. Concerned that Iraq 
could become a staging post for a German invasion of the Middle East, the British opted to invade the 
country, returning as-Said to power and reaffirming their authority. 41

Such was their presence that the Middle East became “honeycombed with British military installations”, 
including, what Labour’s Secretary of State for War, Emmanuel Shinwell, termed, “the main base” on the 
Suez Canal, naval bases at Bahrain and Aden, and air fields in Iraq. 42 It is unsurprising that the region 
developed into a key strategic theater during the Second World War. Although the bulk of forces under 
instruction from Middle East Command were dispatched to Egypt to fend off invasion from Italy and later 
Nazi Germany, the Vichy-French colonies of Syria and Lebanon were also occupied following the invasion 
of Iraq, described above. 43 Ostensibly these nations remained independent, but Britain’s military presence

37 For details of the postwar settlement see: Paul C. Helmreich, From Paris to Sevres: The Partition of the Ottoman Empire at the Peace Conferences of 1919-1920 (Columbus, Ohio, 1974).
40 Liam Anderson and Gareth Stansfield, The Future of Iraq: Dictatorship, Democracy or Division? (New York, 2004), 14-17.
41 Ibid., 17-19.
42 Louis, The British Empire in the Middle East, 10.
helped to reinvigorate London’s informal influence. Importantly, at the end of World War Two, there was little will to relinquish this.  

**Informal Empire in Iran**

While British power in Egypt and the Palestine and Mesopotamian mandates had, where necessary, been supported by the state’s diplomatic, military and economic apparatus such subimperial codifications of influence were largely absent in Iran. Instead, British power was sustained almost solely through the power wrought by the Anglo-Iranian Oil Company. The first British oil concession in Iran was secured in 1901, by gold magnate William Knox D’Arcy. Although ostensibly a private venture, D’Arcy received the backing of the British government to reach an agreement with Shah Mozzafer al-Din in the hope that it would give them a strategic advantage in the Middle East. It was felt that a productive British oil concession would serve as a useful tool of economic diplomacy, strengthening ties with Iran and dissuading Russia from advancing southwards to the Persian Gulf.

According to a 1952 World Bank report, the terms were “very favourable” to Iran and the British were considered “far too liberal” in their negotiations. Iran not only received £20,000 cash, but also 16 percent of future net profits and shares equivalent to around 10 percent of the concession’s value. However, with no immediate successes D’Arcy’s capital quickly depleted and in 1905 he joined the Glaswegian firm Burmah Oil, which already had a limited commercial agreement to provide oil to the Admiralty through a commercial syndicate christened the Anglo-Persian Oil Company. Alongside a change in ownership APOC transferred its exploration, refinement, production and marketing rights to a new firm: First Exploitation Company. This meant that the Iranian government no longer had a 10 percent interest in the operating concern, but only in the royalties received by First from APOC. This technicality was, according to the World Bank, “the first step in watering down what was considered an unnecessarily generous agreement.”

Even with new investment from Burmah Oil, APOC grew fitfully. However, the appointment of Winston Churchill to First Lord of the Admiralty in September 1911 saw a marked improvement in its fortunes. Churchill was dedicated to naval reform and establishing a fleet that could be run on oil, rather than coal. As such, the Admiralty began the search for a stable and cost-effective source of oil. Despite fierce competition from Royal Dutch/Shell, APOC emerged as the leading candidate, in part because of new studies revealing the scale of Iran’s untapped mineral deposits. Negotiations between APOC and the Admiralty were swift and on 20 May 1914 an agreement between them was signed for the British government to purchase 51 percent

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44 The most obvious outlier to this pattern was Palestine, a British mandate since 1918, but which was identified as “expendable” by both then-Prime Minister Winston Churchill and Foreign Secretary Ernest Bevin. However, even here, where the question of Jewish migration to a predominantly Arab region perplexed Whitehall mandarins and frustrated relations with the United States, it was nevertheless hoped that Britain’s informal influence may be maintained at some level. Describing the situation in Palestine, Ritchie Ovendale acknowledges this goal, but notes that the British were “under-strength” there and that “the affairs of the mandate had to be weighed against other considerations.” *Ibid.*, 106; Ritchie Ovendale, ‘The Palestine Policy of the British Labour Government, 1945-1946,’ *International Affairs 55*, No. 4 (July, 1979), 410 and 430.


of the company for £2.2 million. Although the deal took APOC into public hands, it was agreed that the company would continue to be run as a nominally private entity with the state taking a hands off approach. The idea of the government acting as a sleeping partner quickly became a defining feature of the AIOC’s ownership model.

APOC’s growth following nationalisation was rapid. Between 1912 and 1918 Persian oil production increased from 1,600 barrels per day to 18,000 (273,000 to 897,000 tons) and by 1916 APOC was meeting approximately 20 percent of the Royal Navy’s oil needs.\(^{47}\) The company’s profits also began to rise. In 1916/17 they had totalled little over £400,000, but by 1920/21 they had risen more than tenfold to £4.2 million, reaching £7.3 million by 1926/27.\(^{48}\)

As APOC grew so too did resentment towards the company amongst the Iranian people. One source of particular dissatisfaction was the fluctuation in royalties received by the Iranian government. In 1929 the amount received was £1,437,000 dropping to £1,288,312 the following year and just £306,872 in 1931 as the company felt the effects of the Great Depression.\(^{49}\) To resolve this, a new oil concession was developed, passing into law on 28 May, 1933. The 1933 agreement can be interpreted as a victory for the Iranians because it reduced the area under APOC control to 100,000 square miles, guaranteed royalty payments of at least £750,000 per annum (or 20 percent of net profits), included a one-off payment of £1 million and promised to ‘Iranise’ the company. However the agreement also saw APOC’s concession in Iran extended to 1993 and included a clause preventing any alteration unless discussions were instigated by the company, theoretically blocking any protest from the Iranian government in future. Finally, the new terms exempted APOC from both duty payments on exports and national taxes for thirty years.

Britain’s informal power in Iran was strengthened further by the Second World War thanks to the joint occupation of the country with the Soviet Union from June 1941 onwards. Occupation was justified as a necessity to prevent a German fifth column seizing control and to preserve Iran’s “real neutrality.”\(^{50}\) As part of this process, Shah Reza Pahlavi, a Nazi sympathiser, was forced to abdicate his throne to be replaced by his 22 year old son, Mohammad Reza Pahlavi. Occupation unsurprisingly helped add to resentment amongst many Iranians towards the British who, despite Foreign Secretary Anthony Eden’s statement that their goal was not “to steal pries or pilfer”, were readily identified as taking from the country while returning very


\(^{49}\) Peter J. Beck ‘The Anglo-Persian Oil Dispute, 1932-1933,’ *The Journal of Contemporary History* 9, No. 4 (October, 1974), 125.

It was widely felt that the British had an invisible hand in constitutional affairs, whether in the Royal Court or within the Majlis.\footnote{Hansard, House of Commons Debate 6 August 1941 Vol. 373 cc1973-2043.}

Between 1941 and 1944 crude oil production more than doubled from 6,605 to 13,274 thousand tons and the refinement of 100-octane aviation spirit at the Abadan refinery also increased, from just 67,000 tons in 1941 to 858,000 tons in 1944 and over one million tons per annum in 1945.\footnote{Note: The Majlis was the name given to the Iranian Legislature between 1906 and 1949 after which an upper house - the Senate - was added. Iran operated as a constitutional monarchy with the Shah serving as a figurehead and an elected Prime Minister serving as head of the Majlis, supported by a cabinet of deputies. The Shah’s limited power over the legislative process was made clear in Articles 44 and 66 of the county’s Fundamental Laws. The former read “the person of the Shah is exempted from responsibility. The ministers of state are responsible to the Majlis in all affairs” while the latter stated that “Ministers cannot use verbal or written orders of the Shah to divest themselves of responsibility.” The separation between the Shah’s court and the Majlis was designed to achieve a degree of plurality, prevent the Shah from moving beyond his remit as a figurehead for the nation and, theoretically, protect the sovereignty of the Iranian people. The Shah himself recognised his limited power, reportedly telling the American Ambassador Allen that he could “exercise no substantive authority in Iranian affairs.” Habib Ladjervardi, ‘The Origins of U. S. Support for an Autocratic Iran,’ International Journal of Middle East Studies 15 (1983), 225-230.} Burgeoning demand reinvigorated investment levels in Iran and as investment increased so too did the links between AIOC leadership and Britain’s military leaders. S. H. Longrigg, for example, suggests that it was “not possible easily to distinguish between the strictly industrial operations of the company...and those designed to help the complex and massive operations of the military command.”\footnote{S. H. Longrigg, Oil in the Middle East: Its Discovery and Development (London, 1968), 384.}

Simultaneously, Iranian grain yields fell by more than 20 percent against prewar levels, leading to food shortages across the country.\footnote{Ibid., 127.} As part of the war effort, Iran’s railway network and half of the country’s trucks, whether public or privately owned, were appropriated, removing approximately three quarters of Iran’s food distribution network and crippling private enterprise.\footnote{E. M. H. Lloyd, Food and Inflation in the Middle East, 1940-45 (Montana, USA), 356.} Outbreaks of sporadic protest and even violence were not uncommon. However, they were generally suppressed, creating a sense that foreign forces were in control of Iran’s economic and political direction, but unaccountable to the Iranian people.\footnote{Stephen L. McFarland, ‘Anatomy of an Iranian Political Crowd: The Tehran Bread Riot of December 1942,’ International Journal of Middle East Studies 17, No. 1 (Feb, 1985), 53.}

By the end of the Second World War, the AIOC’s economic strength had reached its zenith. In 1946 alone the company contributed £7.13 million to the Iranian Exchequer in direct payments, the single largest source of both tax income and foreign currency, and oil comprised up to 90 percent of Iranian exports in the years after World War Two.\footnote{The Minister in Iran, Dreyfus to the Secretary of State, 4 November 1942, Foreign Relations of the United States, 1942, Volume IV, The Near East and Africa (Washington, D.C., 1963), 176.} The company was also Iran’s biggest employer. In Abadan, a town with a population of around 115,000, more than 30,000 of 39,000 adult males were employed in extraction and refinement, and an
estimated 60,000 were dependent on these activities. A further 10,000 were believed to be earning their living indirectly from the company, for example as shop keepers.\textsuperscript{59}

Tellingly, the AIOC, not the state or regional government, was the leading provider of Iran’s infrastructure. Roads were constructed between oil fields and plants, housing, schools and hospitals created for employees and order maintained by a company-managed police force. According to World Bank observers, the AIOC had established itself as an “independent power in the territories surrounding its concession” and, given its contribution to the economy, the Iranian government had little ability to correct this.\textsuperscript{60} The British government tacitly supported this development. According to the Chiefs of Staff “without access to these supplies [of oil], neither the United States nor the United Kingdom could again provide supplies comparable with that forthcoming in the last war...the Southern Persian and Kuwait oilfields possessed the largest and most prolific sources of oil supply in the world.”\textsuperscript{61} By the late 1940s Iran produced 6.8 percent of the world’s oil, the loss of which would have, according to historian Steve Marsh, led to an additional dollar oil charge across Europe of up to £700 million per annum.\textsuperscript{62}

Although the AIOC emerged from the Second World War in a position of unprecedented strength, its relationship with the British government remained distant at best and Whitehall lacked any means of influencing the AIOC’s policy. In the post-1945 era of nationalism and decolonisation, this arrangement was exposed as inadequate. As William Roger Louis notes, while “on the surface there might seem to be every reason for the accomplishments of the Anglo-Iranian Oil Company to be a source of British pride and an indication of the healthy state of British capitalism, in fact there was considerable tension between the company and the Labour government.”\textsuperscript{63} As Foreign Secretary Ernest Bevin noted “[the AIOC] is virtually a private company with state capital and anything it does reacts [sic] on the relationships between the British government and Persia.”\textsuperscript{64} The company was similarly suspicious of the government. Ronald Hyam refers to chairman Sir William Fraser’s “fire-eating contempt” for ministers and civil servants, in whom he had little confidence.\textsuperscript{65} A “Scotsman to his fingertips” he was described by \textit{The Times} as an “obstinate, narrow old skinflint” who personified the distant, single-minded nature of the AIOC itself.\textsuperscript{66} The divisions between the company and the British government are fundamental to understanding the collapse of British power. Unable to influence the direction of AIOC policy, Whitehall’s approach in Iran floundered and cooperation proved

\textsuperscript{59} Habib Ladjervardi, \textit{Labor Unions and Autocracy in Iran} (Syracuse, New York, 1985), 118.
\textsuperscript{61} Louis, \textit{The British Empire in the Middle East}, 55.
\textsuperscript{63} Louis, \textit{The British Empire in the Middle East}, 55.
\textsuperscript{64} In this instance Bevin’s coarse approach to the English language is clear. However, so too is his message: the AIOC’s action, though beyond Whitehall’s control, had a fundamental affect on the Anglo-Iranian relationship. \textit{Ibid.}, 56.
\textsuperscript{65} Ronald Hyam, \textit{Understanding the British Empire} (Cambridge, 2010), 136.
\textsuperscript{66} \textit{The Times}, 3 April 1970; Yergin, \textit{The Prize}, 436.
impossible. At a time when collaboration was needed, little was forthcoming, even as the strength of Iranian nationalism threatened British power. However, while poor management and a lack of communication hindered Britain’s interests in Iran, so too did a pervasive tendency to orientalise the Iranian people and to view them as incapable of managing their own affairs.

Orientalism and Hierarchy

Drawing on the work of Palestinian-American literary and cultural critic Edward Said, Kim W. Phillips suggests that orientalism can be interpreted in three ways. First, as the European study of Asian society, art and culture, second as a tendency to “group the diverse cultures of ‘the east’ under one heading....to produce the binary distinction of ‘orient’ and ‘occident’” and third, as the “discourse by which western societies have extended, developed, and justified political, economic, and other domination over eastern territories.”

It is the third interpretation that is most relevant to this study. As will be seen, the British, whether in the employ of the government or the AIOC, had a tendency to characterise the Iranians as of weak moral character and in need of a guiding European hand. It is notable that while the British did not possess formal control in Iran there was a deep sense that, due to the passive nature of the Iranian people and their underdeveloped understanding of political ideology and national identity, Britain’s informal empire there was relatively secure and at greater risk from external, rather than internal, pressures. As a result, mismanagement in Iran became commonplace with policies devised and implemented without fully understanding how they would be received by the Iranian people themselves. Most damagingly, the condescending attitude held towards the Iranians made it difficult to recognise and respond to the onset of nationalism.

As David Cannadine notes, “hierarchy offered a cogent and appealing vision of imperial society and also therefore of imperial purpose” and a hierarchical approach to governance was a salient feature across the empire. In his 2007 study *The British Left and India*, Nicholas Owen highlights orientalist depictions of the Indian people as “very common”, even amongst otherwise-enlightened figures. There was, for example, a tendency not only to make “amateur speculations on caste and religion”, but also to “use racial categorisations, which came straight from colonial ethnography.” While Cannadine and Owen’s research focuses on the formal empire, a similar mindset was present in Iran. It will be noted, for example, that Iranian led development efforts were dismissed offhand, in favour of paternalistic programmes of improvement. The seemingly all pervasive nature of orientalism in Iran is perhaps unsurprising, given Said’s proposal that there was “scarcely any dissent, any departure, any demurral” from this attitude across the empire and when transgressions did take place they were on too small a scale to invoke wider change.

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The importance of racial classifications to the empire’s management has been questioned by Ronald Hyam. In *Britain’s Declining Empire* (2007), Hyam alludes to issues of race and identity, but concludes that “the most that can be said that race was a useful supporting mechanism for the imperial structure.” He also questions whether derogatory attitudes truly coloured policy, arguing that “we need to distinguish between words and actions, ideas and implementation”, and is sympathetic towards colonial officials, who “did their often lonely jobs faithfully, fairly, and humanely.” While Hyam’s critique should not be discounted, there is wide-ranging evidence to suggest that racial hierarchy directly influenced policy, both in Iran and elsewhere. For example, Frederick Cooper suggests that across the British government there existed an “explicit and generalized assumption of African backwardness”, which helped to sustain an unreserved belief that the route to modernisation relied not on “the African present, but with the British imagination.” As a result institutions that could support African development, for example trade unions, were co-opted by the British and developed along European lines without consultation.

The idea of Britain exerting control over the African labour movement been explored in detail by Paul Kelemen who, in his essay ‘Modernising Colonialism: The British Labour Movement and Africa’ (2006), suggests that British policy in Kenya was “based on the idea of encouraging the emulation of British style, non-political trade unions...to inhibit the development of nationalist politics.” Like Cooper, Kelemen focuses on trade union movement as a battle ground between competing ideas of modernity and the divergence between British and indigenous analysis of how workers should be represented. Kelemen notes that British efforts to shape Kenyan trade unionism were married to “better welfare provision” and a general belief in building a labour force that was not only “disciplined and efficient”, but which could integrate into modern political society. As will be revealed, a similar effort to influence and control domestic trade unionism took place in Iran. It was believed that by codifying the unions their political strength could be managed and developed in a more favourable direction. Orientalism helped to underpin this outlook and shaped British perceptions of the Iranian people, their needs and their abilities.

2. The Anglo-Iranian Relationship in the Secondary Literature

Although there is a vast amount of work dedicated to explaining the history of the British Empire, the historiography of Britain’s informal empire in Iran is patchy and it is treated as a minor subject even in notable surveys, such as Darwin’s *Britain and Decolonisation* (1988) and Hyam’s *Britain’s Declining Empire in Iran, 1945-1951*.

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72 Ibid., 10 and 40.


75 Ibid., 232.
Empire. Tellingly Hyam’s four volume source collection, *British Documents on the End of Empire*, includes passing references to Iran, but no documents of any great use to historians of Anglo-Iranian relations or informal empire specifically. In part, this is reflective of wider geopolitical trends. The 1946 Azerbaijan Crisis was, for example, perhaps the first Cold War crisis, meaning that subsequent events in Iran have been viewed through the lens of great power politics, rather than decolonisation. Similarly, although the nationalisation of the Anglo-Iranian Oil Company has received some attention, it is generally seen as the first step towards the 1953 Anglo-American Ajax Coup, which saw nationalist Prime Minister Mohammed Mossadq ousted, rather than the culmination of a series of events in Anglo-Iranian and Anglo-American history. Finally, despite the influence the AIOC had over Iranian politics and its economic value to Great Britain, Iran is popularly viewed as an independent nation with economic links to Britain, and not part of the informal empire. However, given the disproportionate influence the AIOC held over the country’s political system and economy this is a misguided perspective.

One of the few scholars to have investigated Britain’s informal empire in Iran in depth is William Roger Louis. Louis argues, alongside Ronald Robinson, that after the Second World War the Labour government embraced the politics of continuity and sought to “reconstruct the imperial system in the familiar Victorian style of trade without rule where possible, rule for trade where necessary.” Implementing this policy would be “a network of client dynasties that were in the political, military, and financial grip of British diplomatic missions, military bases and oil companies.” In Iran, specifically, this approach manifested itself in a reliance on the AIOC to represent British interests and a trepidation on the government’s part to intervene in the company’s affairs. Concurrently, Louis suggests that the Labour administration undertook action to align itself with moderate Iranian nationalists, believing that this would weaken the threat of more radical forces gaining hold, and sought to illustrate the strategic value of their interests in Iran to the United States.

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80 Ibid., 451-552.

81 Ibid., 469.

82 Louis, *The British Empire in the Middle East*.
Louis argues that this was part of a wider British pattern of demonstrating the empire’s utility in preserving international stability, and a means of gaining leverage in resisting calls from some in Washington for it to be disbanded. Concurrently, he notes the weaknesses of this strategy, stressing that the government and AIOC’s strategies were too often misaligned. Additionally, he suggests that British policy makers were too optimistic in their assessments of collaboration with the United States, where sympathy for the informal empire was limited.83

Louis’ analysis is shared by Simon Davis, who argues that the British government refused to shake off “their historic entitlement to bring the Middle East into the world” and instead looked to reorientate their empire around it after the Second World War.84 Foreign Secretary Ernest Bevin, in particular, was determined to follow this course, but also to cast the empire as a “progressive force”, both in Iran and elsewhere.85

However, as Edward Henniker-Major notes, efforts to adopt a more “progressive” policy in Iran were undermined by Britain’s reliance of the Anglo-Iranian Oil Company, which was, by the late 1940s, “an outdated remnant of imperial power” and seemingly beyond reform.86 Henniker-Major casts doubts on Britain’s ability to collaborate with moderate nationalists, as suggested by Louis, concluding that the Attlee government was “blinded by their determination to uphold their control of the Iranian oil industry” and, in turn, failed to fully understand the depth and scale of Iranian nationalism.87

A shared characteristic of Louis, Davis and Henniker-Major’s research is their tendency to focus heavily on the role played by British officials in shaping Anglo-Iranian relations and, perhaps even to romanticise them. According to Peter Sluglett, Louis, in particular, is also disposed towards portraying British diplomats in a “heroic” light.88 This is particularly true of Foreign Secretary Ernest Bevin whose limitations, whether strategic or operational, are not fully discussed. Louis, Davis and Henniker-Major’s mutual focus on the importance of high diplomacy and the Anglo-centric nature of their research also means that analysis of domestic political developments in Iran are marginalised. It is notable, for example, that little attention is paid to the growth of, or Britain’s reaction to, the Iranian trade union movement. Similarly, although the

83 While Louis suggests that the Anglo-American relationship in Iran was undermined by fundamental differences, Chris Paine and Erica Schoenberger and Stephen L. McFarland suggest that their policies were in fact closely aligned. The former propose that as the Soviet Union grew in strength during and after the Second World War, so too did Anglo-American cooperation with the capitalist powers working as a bulwark to Moscow’s development. Meanwhile, McFarland argues that “anti-Soviet acts” were undertaken by both Britain and the United States to safeguard western interests in Iran and that opposition to the USSR was crucial to their policies there. Chris Paine and Erica Schoenberger, ‘Iranian Nationalism and the Great Powers: 1872-1954,’ Middle East Research and Information Project Reports 37 (May, 1975) and Stephen L. McFarland, ‘A Peripheral View of the Origins of the Cold War: The Crises in Iran, 1941-1947,’ Diplomatic History 4 (Fall, 1980), 334.

84 Simon Davis, ‘The Persian Gulf in the 1940s and the Question of an Anglo-American Middle East,’ History 95 (January, 2010), 66-68.

85 Ibid., 77.


87 Ibid., 31.

The theme of development in Iran is touched upon in each study, it is not analysed in depth, despite Louis’ recognition of the Labour government’s desire to build regional strength through collaboration.  

In contrast, Ervand Abrahamian’s *Iran Between Two Revolutions* (1982) focuses on understanding how the changing nature of Iranian politics and society influenced the country’s relationship with Britain. Abrahamian stresses that British intervention was not the only source of political unrest, but fused with economic discord, corruption and an increasingly active urban political class to create a sense of social turbulence that challenged both traditional society and the informal empire upheld by the AIOC. Abrahamian emphasises the limitations of Britain’s understanding of Iran and suggests that the British were hamstrung by orientalism and an inability to look beyond preconceived notions of what could be achieved there. Fakhreddin Azimi’s *Iran: The Crisis of Democracy* (1989) touches upon similar themes and suggests that political dislocation undermined British efforts to collaborate with the Iranians. This study is particularly useful as, what Azimi himself calls, an analysis of “how Iran was ruled” between the toppling of Reza Shah and the nationalisation of the AIOC and highlights the turbulent nature of domestic politics.

Further insight into Iranian politics and society is offered in Habib Ladjervardi’s *Labor Unions and Autocracy in Iran* (1985), which looks at the social make up and political influence wielded by the Iranian trade unions during and after the Second World War. Ladjervardi demonstrates that the British were ignorant of how Iran’s labour movement functioned and, with their judgement clouded by orientalism, struggled to influence its course. Mostafa Elm’s *Oil, Power and Principle* (1992) is similarly focused on Britain’s incomprehension of Iranian society and suggests that orientalism and paternalism clouded every aspect of Anglo-Iranian relations, from inter-government relations to the treatment of AIOC staff by their managers. Highly triumphalist in tone, Elm champions the role played by nationalist stalwart Mohammad Mussadiq in the collapse of British power, suggesting that the AIOC and British government overlooked his political genius and popular support.

Completing the diplomatic and socio-economic studies discussed above are business histories, which have a focus beyond British imperialism and decolonisation, but contain useful insight and analysis. Francis

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89 This theme is shared by a number of other scholars, not least J. M. Lonsdale and D. A. Low who suggest that a “second colonial occupation” took place in Africa after the Second World War as bureaucrats flooded the continent to engage in agricultural and development improvement programmes. Their goal was not simply to raise living standards in the colonies, but to increase the profitability of British interests there and help to increase the empire’s profitability. This process of harnessing the “vast undeveloped continent” described by director of the Tanganyika Game Preservation Department Charles Swynnerton was, as will be outlined below, something of a long-running project within the Labour Party and its associated think-tanks, not least the Fabian Society’s Fabian Colonial Research Bureau. However, it would be a mistake to suggest that development was a steady or monolithic process, rather it was “often haphazard” and responded to local conditions, as well as central, metropolitan planning. In Iran this was certainly the case, as political circumstances dictated how development policies were implemented and their successes. J. M. Lonsdale and D. A. Low, ‘Towards the New Order, 1945-1963’ D. A. Low and A. Smith, eds. *The Oxford History of East Africa Vol. III* (Oxford, 1976), 1; Roderick P. Neumann, ‘Ways of Seeing Africa: Colonial Recasting of African Society and Landscapes in Serengeti National Park,’ *Ecumene* 2 No. 2 (1995), 153.

90 Ervand Abrahamian, *Iran Between Two Revolutions* (Princeton, New Jersey, 1982).


Bostock and Geoffrey Jones’ *Planning and Power in Iran* (1989), for example, focuses on the work of Abolhassan Ebtehaj, the first Governor of Bank Melli, Iran’s national bank and a leading proponent of Iranian-led development in the postwar period. It is argued that Ebtehaj challenged the foundations of British hegemony in Iran, particularly their control of banking and currency. The Imperial Bank of Persia (IBP) was perhaps the most obvious example of Britain’s informal empire in this sector. Although opposition to the IBP had been present under Reza Shah, Ebtehaj pushed for the Bank Melli to “take its rightful position as Iran’s central bank” and the “dominating factor” in Iran’s economy with “full powers over the country’s monetary and credit policy.”\(^{94}\) By 1944, dogged by accusations of running a haphazard service, the IBP was ignominiously closed. As Bostock and Jones note, Ebtehaj’s victory has been largely ignored by historians and identified as a technocratic, but perhaps not political milestone. With the benefit of hindsight it is possible to equate the establishment of Bank Melli as Iran’s central bank as a challenge to British hegemony and the foundations underpinning the informal empire there. Ebtehaj’s success should perhaps have been seen as a warning and an indication that Britain’s position was in fact quite vulnerable. The work of Iranian scholar Ali Ansari corroborates with this suggestion, not least his assertion that Ebtehaj’s influence “may be usefully compared to that of Mossadeq.”\(^{95}\)

A further contribution by Bostock and Jones is *British Business in Iran, 1860s-1970s* (2003). This volume charts Britain’s “business presence” in Iran and the role of the IBP as an “agent of empire” that added to “tensions” between the British and Iranian governments and the AIOC.\(^{96}\) Again, it is argued that the informal empire in Iran had parameters and British power there was perhaps not as strong as the AIOC’s profitability would suggest. Certainly, Bostock and Jones establish that opposition to British intervention, informal or otherwise, was not a new feature of the Anglo-Iranian relationship after World War Two, but rather a long-term, albeit background aspect of it.

Finally, J.H. Bamberg’s *The History of the British Petroleum Company* (1994) charts the evolution of British Petroleum and dedicates several chapters to analysing the triangular relationship among AIOC, the British government and Iran.\(^{97}\) Bamberg utilises a range of company records and interviews with key stakeholders to map the AIOC’s relationship, not only with Iran and the British government, but also other oil companies. In doing so he helps both to expose the AIOC’s deep rift with the British government and draw attention to under researched areas of collaboration i.e. in the production of sustainable housing for employees. An officially sanctioned ‘autobiography’, Bamberg’s tone can be excessively complementary to successive AIOC board members. This thesis challenges this perspective by providing a more critical narrative of how their policies influenced and conflicted with British foreign policy.

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\(^{95}\) Ali Ansari, *Modern Iran*, (London, 2007), 120


3. The Labour Party, the Empire and Development

The analysis above demonstrates the significance of imperial reorientation after the Second World War and it is important to understand not only the Attlee government’s policies, but why the Labour Party adopted this approach. It will be suggested that, although the Labour had initially embraced a foreign policy coloured by both internationalism and pacifism, the changing international situation meant that by the mid-1930s realism had become critical to the party’s outlook. The Second World War offered an opportunity for further evolution and meant that by 1945 preserving Britain’s status as an international power was the principal goal of the party’s foreign policy with the empire identified as a key resource in achieving this. However, some traces of internationalism lingered. In particular, it was hoped that imperial reorientation could be beneficial to the empire as a whole, rather than to Britain alone. It was hoped, for example, that economic development schemes would lift millions from poverty and engender a sense of goodwill towards London while also providing the Exchequer with a steady source of revenue.

The Roots of Labour’s Foreign Policy

In the first volume of her overview of the evolution of Labour’s foreign policy, Rhiannon Vickers notes that the party “emerged in a very specific context, namely to represent the working class of the most powerful nation of its day.”\textsuperscript{98} John Callaghan concurs, stating that the “Labour Representation Committee was formed...for the purpose, as its name indicates, of promoting independent working-class representation in Parliament.”\textsuperscript{99} According to Vickers, the party was “born out of domestic discontent” and its policy was shaped by “the beliefs and standpoints of the various groups that came together to create it, and the dynamics between them, rather than necessarily the external world and experience and appraisal of international affairs.”\textsuperscript{100} In turn, a degree of insularity emerged. Analysing Labour’s early years, Henry Pelling suggests that the party had a tendency to focus solely domestic labour issues and while its Conservative and Liberal opponents developed highly evolved foreign policies, Labour’s focus remained parochial.\textsuperscript{101} A. J. P. Taylor highlights this position by suggesting that upon entering parliament in 1892, Keir Hardie, “kept quiet about foreign affairs....lest he compromise his essential commitment to the cause of labour at home.”\textsuperscript{102}

Kenneth O. Morgan identifies the “end of the First World War” as the point at which the Labour Party began to develop a clear and coherent narrative on foreign policy.\textsuperscript{103} He suggests that Labour increasingly saw its position as to “embody the decent, pacific instincts of ordinary people, free from the intrigues of


\textsuperscript{100} Ibid., 32.

\textsuperscript{101} Henry Pelling, \textit{A Short History of the Labour Party} (London, 1961), 20.

\textsuperscript{102} Ibid., 35; It should be noted that the Independent Labour Party was one of the largest political groups that would join the Labour Representation Committee (later to become the Labour Party) in 1900.

multinational capitalism or the inbred world of public-school diplomacy.” Callaghan agrees with this conclusion, but also identifies the party’s efforts to establish an International Labour Organisation to “promote decent standards on matters affecting workers” as evidence of internationalist ambitions. There was also resistance from Labour towards the Treaty of Versailles, and, according to Callaghan, broad agreement towards the findings of J. M. Keynes in his *The Economic Consequences of the Peace* (1919), which suggested that the postwar settlement could have dangerous economic repercussions for Europe by reinforcing an international system based on great power politics.

*The First Labour Governments*

The “pacific instincts” described by Morgan would manifest themselves under the first Labour government, which in 1924 brokered a truce between France and Germany and agreed to a trade treaty with communist Russia. These actions were conciliatory and reforming, demonstrating a clear break with the past. It may be suggested that the party’s focus on domestic affairs inadvertently created a foreign policy designed to avoid entanglements overseas, which would detract from issues of domestic empowerment. In the words of party leader Ramsay MacDonald, Labour should be “a responsible instrument of radical thinking” and pursue rational policies which would guarantee stability and conditions favourable for the betterment of Britain’s working classes. Although the first Labour government lasted just nine months, Vickers describes its foreign policy as successful and as marking “the beginning of a policy for Great Britain of the promotion of peace and reconciliation among the peoples.”

Throughout the 1920s this outlook became more entrenched. In 1926, for example, the Labour Party Conference voted in favour of a general strike should war break out. Similarly, the party consistently opposed rearmament and, despite early opposition to the organisation due to its perceived weaknesses, the League of Nations became readily identified as the lead institution for deterring international aggression. In 1929 the party formed its second government, again as a minority. Labour’s manifesto explained that the party stood “for arbitration and disarmament”, demonstrations of which included removing British troops from the Rhineland and agreeing to a revision of the Young Plan to reduce German reparations payments.

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104 Ibid.


106 Ibid., 67.

107 For details of the MacDonald government’s foreign policy see: Carolyn J. Kitching, ‘Prime Minister and Foreign Secretary: The Dual Role of James Ramsay MacDonald in 1924,’ *Review of International Studies* 37 No. 3 (July, 2011); David Marquand, *Ramsay MacDonald* (London, 1997).


Perhaps most important for the British Empire was McDonald’s decision to call a round table conference on the future of India in 1930. These talks can be interpreted as the first effort to remodel the imperial system and enable a colony to move towards becoming a self-governing, federal state. It would, however, be a mistake to view the Labour government’s policy as designed to breakup the empire. Rather, it was part of an effort to reconcile socialism at home with the competing impulses of internationalism and imperialism overseas. The result was a somewhat paternalistic view of the empire and a determination to allow colonial states a degree of autonomy within the imperial system and, where possible, provide the education and capital needed to aid their development. This policy can be seen as a continuation of the party’s 1918 manifesto pledge to “extend to all subject peoples the right of self-determination within the British Commonwealth of Free Nations” and would colour Labour’s foreign policy for decades to come.

The Fabian Society and Internal Disunity

Although Labour had gradually come to concern itself with foreign affairs, they remained a secondary issue when compared with domestic matters. Despite this limitation, a number of affiliated think tanks became forums for discussions of foreign policy in a socialist context. The most important was the Fabian Society, a distinctly metropolitan organisation whose members saw themselves as something of a vanguard for the masses, stressing that socialism would arrive through the ideas of the few, rather than the action and organisation of the many. The Fabians’ first major statement on the future of the empire came in 1900 with the publication of George Bernard Shaw’s *Fabianism and the Empire*. This document makes for interesting reading. Not only does it suggest that “native governments” were unable to guarantee the “international rights of travel and trade”, but also that British guidance was essential to do so. It should also be noted, however, that the pamphlet railed against the “purely piratical conquests of weaker states”, insisting upon an empire in which foreign subjects would be “awakened by socialism.”

The Fabian’s focus on guided development, for Britain’s working classes and colonial subjects alike, resonated strongly within the party, and parallels can be drawn between this outlook and that adopted by the 1924 and 1929 Labour governments. In 1956, Labour MP, Richard Crossman would describe the party’s tradition in the arena of foreign affairs as based on the belief “that Britain must stand for applying morality in


113 Report of the Annual Conference of the Labour Party (London, 1918), 185, accessed online at [www.archive.org](http://www.archive.org) February 2014. Note: A timeframe for self-determination was not given, allowing speculation as to whether Labour envisaged decolonisation as an immediate or long-term issue. MacDonald also oversaw a program of naval disarmament and actively pursued a reduction in overseas military expenditure. This policy is reflective of the internationalist tone of Labour’s policies. Pelling, *A Short History*, 65.


116 Lucian M. Ashworth, ‘Rethinking a Socialist Foreign Policy: The British Labour Party and International Relations Experts, 1918 to 1931,’ *International Labor and Working Class History* 75 (April, 2009), 34.
international affairs and, in particular, for helping small nations to achieve their independence; that rich and fortunate nations have an obligation to raise up the backward colonial peoples.\textsuperscript{117}

However, while Labour’s approach to foreign affairs had been refined, the formation of the National Government in 1931, and subsequent expulsion of Ramsay MacDonald, retarded its progress by exposing deep rifts within the party. Increasingly the trade union movement, represented most clearly by the Trade Unions Congress (TUC), demanded a more strident approach to policy overseas and a recognition of the increasingly dangerous international climate.\textsuperscript{118} In contrast, George Lansbury, party leader from 1932 until 1935, advocated unilateral disarmament and the dismantling of the British Empire.\textsuperscript{119} A clear schism emerged between the camps, the depth of which was revealed by a TUC delegate who, referencing the emerging menace of Nazi Germany, suggested that “pacifism in the face of that is absolute cowardice.”\textsuperscript{120}

\textit{Foreign Policy Under Attlee}

Increasingly divisive, Lansbury opted to resign as party leader in November 1935, to be replaced by deputy leader Clement Attlee. Described by historian Andrew Davies as “quiet, unassuming and with the appearance of a suburban bank manager”, Attlee was a conciliatory figure who was able to draw the TUC back into the fold, thanks in large part to his excellent working relationship with General Secretary Ernest Bevin.\textsuperscript{121} Attlee also recognised the importance of Labour re-examining its approach to foreign affairs. He established a Defence Committee and announced his determination to “take steps to create a better knowledge of defence problems in the party.”\textsuperscript{122} Bevin’s suggestion at the 1936 TUC conference that “we are not going to meet the fascist menace by mass resolution” was evidence of a hardening resolve, as was his call for an increase in the pace of rearmament, which gained support from Attlee.\textsuperscript{123} Unlike many within the British political establishment, Bevin was quick to highlight the dangers of appeasing Hitler’s gains in Czechoslovakia and, according to his biographer Alan Bullock, embodied the trade union movement’s belief that pacifism, though an intellectually pleasing philosophy, had limited practical application.\textsuperscript{124}

\textsuperscript{117} Callaghan, \textit{Labour Party and Foreign Policy}, 5.

\textsuperscript{118} Pete Weiler suggests that “Bevin and other labour leaders...call[ed] for a more realistic foreign policy to cope with the growth of fascism in Germany, Italy and Japan.” The result was “complex” discourse within the Labour Party, followed by a decision to “abandon its total renunciation of war.” This would come after Bevin accused Lansbury of “disloyalty” and of “betraying” both the party and labour movement more generally. Pete Weiler, \textit{Ernest Bevin} 86-91.

\textsuperscript{119} Michael Pugh refers to Lansbury’s philosophy as “politico-religious pacifism” and argues that trade union delegates, who occupied almost half of the permanent positions on Labour’s national executive, sought to resist “intellectuals” steering the course of the party’s foreign policy. See: Michael Pugh, ‘Pacifism and Politics in Britain, 1931-1935,’ \textit{The Historical Journal} 23, No. 3 (Sept, 1980), 641 and 647-649; W. Golant, The Emergence of C. R. Attlee as Leader of the Parliamentary Labour Party in 1935,’ \textit{The Historical Journal} 13, No. 2 (June, 1970), 323.

\textsuperscript{120} Vickers, \textit{Labour Party and the World}, 113.

\textsuperscript{121} Andrew Davies, \textit{To Build a New Jerusalem: The British Labour Movement from the 1880s to the 1990s} (London, 1992), 151.

\textsuperscript{122} Clement Attlee, \textit{As it Happened}, (London, 1956), 115.


\textsuperscript{124} Ibid.
On 10 May, 1940 Labour agreed to enter a coalition government under Winston Churchill’s premiership, solidifying the transformation from a divided basket case to a party of government. Broad consensus exists amongst scholars that Labour’s greatest influence during the war was in the realms of domestic affairs. Bevin, for example, became Minister of Labour and was vital in the centralisation of Britain’s workforce. Meanwhile, Attlee served as Lord Privy Seal and Deputy Prime Minister. However, it would be a mistake to suggest that analysing the party’s position on foreign affairs was anything but an ongoing process.

According to a subsection of the party’s 1944 conference review “there were terrible risks in being weak” and “it is better to have too much armed force than too little.” Similarly, there was an emphasis on “unprecedented development and progress under the guidance of the Mother Country” in the colonies, to both raise living standards overseas and reinvigorate Britain’s post-war economy. Again it was Bevin who underlined Labour’s realist outlook in the field of foreign affairs, telling the 1945 party conference that, if elected, they would “form a government which is at the centre of a great empire and Commonwealth of Nations” and have to seize the responsibility for its management. In what Morgan terms the choice between “consolidation and socialist advance”, Labour opted for the former and attempted to maintain Britain’s position at the centre of international affairs.

The Second World War also saw an explosion of intellectual activity, as Labour members and affiliated organisations began to think about how to build a new, improved society in peacetime. One of the most important organisations was the Fabian Colonial Bureau (FCB). Formed by Arthur Creech Jones and Rita Hinden in 1940, the FCB was the leading forum for discussions of socialism and the British Empire. The group’s outlook bares the hallmarks of the Fabian’s early colonial philosophy in that it sought to reconcile imperialism with development and raising the living standards of colonial subjects. According to Hinden it was the duty of socialists to serve as “trustees” and to “develop and enrich” the colonies. She would later summarise the FCB’s priorities as “the establishment of trade unions and cooperative societies, schools and welfare services and the money to pay for them, [and] grand projects of colonial development.”

J. F. Milburn argues that the FCB was the “sole political research group devoting its efforts to colonial affairs” and the “only traceable Fabian influence upon the thinking of Members of Parliament” during the Attlee years. Milburn contends that “by occasionally recommending a course of action on a specific issue”

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130 Rita Hinden, ‘Socialism and the Colonial World,’ Arthur Creech Jones ed., *New Fabian Colonial Essays* (London, 1959), 14; According to Martin Francis the very root of Fabianism was a belief that “a new socialist society would be created by an elite of technocratic experts.” These sentiments are clear in Hinden and Jones’ ideas. Martin Francis, *Ideas and Policies Under Labour, 1945-1951: Building a New Britain* (Manchester, 1997), 16.

the FCB was able to maintain influence in specific, albeit sometimes niche areas. Under Attlee its cofounder, Creech Jones, would be appointed Colonial Secretary, giving him an opportunity to implement many of the ideas he had devised within the FCB. Michael Cowen and Robert Shenton suggest that the FCB’s influence would emerge particularly clearly in social development projects in post-war Africa and formed the basis for both short and long term British planning there.

The 1945 publication *Fabian Colonial Essays* gives a flavour of the Bureau’s interests on the eve of Labour’s election. H. N. Brailsford’s ‘Socialists and the Empire’ outlines the necessity of a “positive policy” towards the empire, and the need to “find for these backwards races a function which fits them and yet assures the prospect of reaching equality with liberty.” Support for this message from within the Labour government was clear. In July 1946, for example, Colonial Secretary George Hall remarked that “I can say without hesitation that it is our policy to develop the colonies and all their resources so as to enable their peoples speedily and substantially to improve their economic and social conditions, and, as soon as may be practicable, to attain responsible self government.” It should be noted that throughout these discussions the will and desire of the colonised were not considered. This was reflected across Britain’s political class, but can also be seen as an extension of the Fabian’s belief in the need to serve as a vanguard for the masses.

The notion of a “positive policy” indicates a certain optimism as to what could be achieved in peace. However, it is clear that despite the FCB’s rigorous planning for colonial Africa, little analysis of the situation in the Middle East was undertaken and, as a result, development plans there were prepared in something of an ad hoc manner. Similarly, the FCB, and indeed the Labour Party itself, failed to acknowledge the influence that British business could have on overseas policy. Certainly, potential points of dispute were not analysed in any great detail. It seems then that while Labour’s 1945 manifesto *Let Us Face the Future* promised that Britain would “play the part of brave and constructive leaders in international affairs” how this would be achieved went largely undiscussed with ill-defined and abstract goals favoured over rigorous planning.

As Kathleen Paul notes, the Labour Party was confident that it could reap “political and economic benefits” of the formal and informal empire and use them not only to preserve Britain’s international stature, but also to fund domestic development. They hoped, according to Michael Collins to “have their cake and eat it too.” Collins argues that the FCB believed overseas development would lead to “increasing dollar earning

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135 Murphy, ‘The Role of the Fabian Society,’ 18.
136 *Let Us Face the Future A Declaration of Labour Policy for the Consideration of the Nation* (1945); accessed online at [www.labour-party.org.uk](http://www.labour-party.org.uk), February, 2014.
exports” and be of “benefit [to] the metropole” while also helping to create “‘de-tribalised’ societies with functioning civil society.” In the long term “formal constitutional decolonisation” would eventually give way to a “looser, but still substantial economic and political cooperation” between Britain and the colonies, founded on this sense of collaboration.140

This line of argument has been rigorously pursued by, amongst others, John Darwin who, in Britain and Decolonisation, highlights the importance of the informal empire and Labour’s unwillingness to relinquish control over it.141 The Attlee government had “no disposition to seek a post-imperial future” and instead hoped that informal paramountcy abroad would help to fund welfare development and the payment of war debts at home.142 Illuminating this point, Darwin suggests that the Labour government anticipated that “the signs of British domination...would be replaced by tactful self-effacement.”143 However, this policy was neither uniformly administered, nor universally successful. As will be seen, while the Colonial Office led unprecedented investment efforts in Africa, this pattern was not repeated in either Iran, despite it being a key source of valuable raw materials.

Britain’s efforts at retrenchment were stymied further by dwindling prestige. Darwin suggests that the end of the Raj “tore a gaping hole in the fabric of the old pre-war imperial system” and saw an upsurge not only of nationalism, but also of insecurity, the pertinent question being: “if British power could be levered out of India, why should it not be blown out of the Gold Coast, or Kenya or Malaya?”144 He contends that Labour failed to comprehend Britain’s declining global stature, and continued to pursue an unbending imperialist foreign policy. In part this calculation was economic and rested on the assumption that British recovery required the direct protection of profit-generating assets overseas, but it was also the result of a failure to understand the growing strength of nationalism, even in areas beyond London’s formal control.

This theory was further refined in Darwin’s The Empire Project (2011), which suggests that by the end of the Second World War Britain had become “caught in a vice” in the Middle East.145 Darwin argues that “the logic of their economic and geopolitical position had deepened their dependence upon their Middle East assets...the British largely hid from themselves the inconvenient truth that the burden they imposed upon Middle East politics was actually growing at a time when those polities were under intense social and political strain.”146 There was, in this sense, a failure on London’s part to recognise the impact of their policies or the growing antipathy towards their intervention in the informal empire. Certainly in Iran the

139 Ibid.
140 Ibid., 28.
141 Darwin, Britain and Decolonisation.
142 Ibid., 73.
143 Ibid., 69-70 & 112.
144 Ibid., 124-126.
146 Ibid.
The Attlee government and the Collapse of British Power in Iran, 1945-1951

rising tide of nationalism was directed towards the AIOC, an organisation that the British government simultaneously relied upon as a source of power and struggled to exert influence over.

The idea of the Attlee government using the empire as a means of maintaining its international role has subsequently become recognised by scholars in various fields of history. For example, while Alan Bullock and John Saville have identified this trend in studies of the Labour Party specifically, it is also recognised by historians focusing on the history of the British Empire more generally. Indeed, given the depth of material available, it may be argued that a broad consensus has emerged with the empire’s resources at the heart of Labour’s plans to remain an international power. As Ronald Hyam notes, far from implementing a socialist-internationalist foreign policy, Labour’s plans hinged on continuity and utilising whatever tools available to them to preserve British power.

Labour and Iran

The evolution and, in some respects, hardening of Labour’s approach to foreign policy was clear in the Anglo-Iranian relationship under the Attlee government. This thesis proposes that, between 1945 and 1947, the Foreign Office under Bevin’s leadership attempted to revitalise Anglo-Iranian relations through concerted development efforts. It was hoped that these would win favour amongst the Iranian people and allow for the continued exploitation of Iranian oil by the AIOC. Additionally, and in some respects owing to Bevin’s own legacy, trade unionism became a focal point in efforts to improve Iranian civic society and increase political participation there. These efforts, however, failed due not only to underinvestment, but also a lack of planning. Although a broad vision for Iran existed, few steps had been taken towards achieving this. In part, Iran suffered from its position within the informal empire. Had it been incorporated into the empire, it is likely that development there would have fallen under the remit of the Colonial Office, a department heavily influenced by the Fabian Colonial Bureau.

As will be revealed, a clear gulf emerged in overseas development policy in Iran and the formal colonies under the Attlee government. While development in the former was an ad hoc process governed by circumstance and curtailed by both economic discord at home and a lack of direction within the Foreign Office, the latter benefitted from greater consistency and planning. No less important, Labour’s plans for development in Iran were highly paternalistic, reinforcing Britain’s image as a domineering force and fuelling opposition towards them. While Labour figures often spoke of the need for a socialist foreign policy at no point did this appear to include consultation, discussion or negotiation with those nations that were considered undeveloped. In Iran, this problem was exacerbated further by the limited ability of successive


148 In some respects Hyam views the Attlee government as amongst the last proponents of the empire’s utility, suggesting that by the 1950s policy makers had “fundamentally lost interest in the empire.” Hyam, Britain’s Declining Empire, 169 & 404.
ambassadors to understand Iranian political society or develop positive working relations with the AIOC. With Iran still something of a diplomatic backwater, the role of ambassador was central to shaping the direction of British policy there.

Labour’s focus on development, both as a means of maintaining international power and strengthening ties overseas, also failed due to the costs involved in this strategy. By 1947, Britain was in dire economic straits and it was not only unfeasible to continue funding Iranian development projects, but increasingly important that British oil interests in Iran remained profitable. A contradiction was thus created between the socialist-internationalism in which the party’s outlook was anchored and the realist approach to foreign affairs that had grown increasingly influential since the 1930s. This schism grew more pronounced as funds for development dwindled and Anglo-Iranian relations appeared ever more one-sided. Allied to this was a further oversight: Labour’s failure to calculate for the impact of non-state actors on international policy. In Iran, the Anglo-Iranian Oil Company did not act in parallel with the state, but in opposition to it. Cooperating with a business that was at times openly hostile to government intervention would prove a great challenge to Bevin’s tenure and illustrate an inherent weakness in his earlier estimations of what could be achieved. The AIOC’s unilateralist instincts towards relations with the Iranian government helped to dampen development efforts, sowed seeds of mistrust within the Foreign Office and tested the strength of the Britain’s relationship with the United States, its closest ally.

4. Anglo-American Relations and the Emerging Cold War

As Anthony Adamthwaite notes, establishing “a policy independent of the United States and the Soviet Union” was fundamental to Britain maintaining its status as a great power. However, the Attlee government was also determined to cooperate with the USA wherever possible.149 In Iran this proved to be a difficult balancing act. Wary that domestic unrest could lead to communism, the United States attempted to coerce Britain into establishing a more equitable oil agreement with Iran. In doing so, it is clear that policy makers in Washington failed to acknowledge either the strength of AIOC unilateralism or Whitehall’s inability to exert influence over the company. Subsequently, Labour became caught between their goal of maintaining Britain’s status as a preeminent international power, Iranian political unrest and the demands of the American government. Given the importance of the Anglo-American relationship, both to Britain’s position in Iran and more generally, the friction between the allies merits deeper analysis.

Although Anglo-American relations have often been characterised in glowing terms - from Margaret Thatcher’s “extraordinary alliance” to Harold Wilson’s “close relationship” - it is Winston Churchill’s description of a “special relationship” that has proved most enduring. The term, first coined in February 1944 and later popularised by Churchill’s March 1946 speech in Fulton, Missouri, has become part of the lexicon

of Anglo-American relations and remains a popular yardstick against which relations between London and Washington are measured.\textsuperscript{150}

The image of “specialness” was reinforced by what Alex Danchev calls the “evangelical” literature of the 1950s.\textsuperscript{151} H. C. Allen’s \textit{Great Britain and the United States} (1955) described “a tale of closeness and intimacy unparalleled in history” in which a shared language, history and culture helped to cultivate bonds across the Atlantic.\textsuperscript{152} Evangelical literature served not only to explain the past, but also to apply a positive value to it. Writing almost twenty years after \textit{Great Britain and the United States}’ publication, Allen would admit that his study had been “sanguine, not to say sentimental.”\textsuperscript{153}

In the United States assessments were, perhaps unsurprisingly, less charitable. As David Reynolds has demonstrated, the work of Leon Epstein and Richard Gardner illustrates British unease towards their new position as a junior partner and declining international stature.\textsuperscript{154} Epstein argues that in the post-war era American leaders grew gradually “less concerned about the reaction of our British allies than of the continental nations”, suggesting that British power was noticeably diminishing.\textsuperscript{155} In the 1960s Epstein and Gardner’s research gave way to more forceful revisionism. Gabriel Kolko, for example, stresses that the British Empire was, along with the Soviet Union, one of the key barriers to American international hegemony and that their relationship at the end of World War Two was one of antagonistic compromise, rather than closeness.\textsuperscript{156}

The 1967 amendment of the 1958 Public Records Act meant that in 1972 British government documents for the years 1941 to 1945 were made public, releasing an explosion of new scholarship on the Second World War. William Roger Louis’ \textit{Imperialism at Bay} (1977) is a particularly strong example of this.\textsuperscript{157} Louis employs a regional approach to suggest that, despite Kolko’s claims to the contrary, British and American attitudes towards colonialism at the end of World War Two were not too dissimilar and, despite public anti-imperialist rhetoric, American leaders were unwilling to force the British to give up their interest overseas. Two factors contributed to this position. First, American leaders increasingly recognised that Britain’s


\textsuperscript{151} Alex Danchev, ‘On Specialness,’ \textit{International Affairs} 72, No. 4 (Oct, 1996), 738.


\textsuperscript{154} Ibid., 90. See also Bruce M. Russett, \textit{Community and Contention: Britain and the United States in the Twentieth Century} (Massachusetts, 1963).


colonial dependencies were not ready for independence. Second, the growing threat of the Soviet Union led to a volte face on the benefits of empire as the United States came to recognise its importance as a shield against communist expansion and guarantor of stability. As Louis states, “from about 1943 into the period of the Cold War the general policy of the American government...tended to support rather than to break up the British imperial system.”158 Louis’ findings are supported by Kathleen Burk, who argues that as the Cold War intensified positive relations with the British became of ever greater value to the United States, where “a new appreciation of the value of the British Empire” had developed. Quoting a State Department policy statement from June 1948, Burk suggests this was the result of Britain’s “worldwide network of strategically located territories of great military value.”159

Collaboration between Britain and the USA was not guaranteed, but, in the words of Alex Danchev, “reactionary to circumstance” and underwritten by “functionality.”160 Although both nations were able to benefit from the relationship their outlooks, goals and approaches were different and had the potential to conflict with one another, leading Christopher Thorne to characterise it as “remarkably close and yet particularly strained.”161 During the 1980s, descriptions of a relationship based on functionality, rather than emotion or culture, became particularly popular. David Reynolds’ The Creation of the Anglo-American Alliance (1981) redefined the early wartime Anglo-American relationship as driven by “competitive cooperation” and “continual manoeuvring for advantage.”162 Rather than viewing relations with the USA in fraternal or familial terms, Reynolds suggests that a “bitterness” and an “anti-American grain” existed within the British government.163 Meanwhile Robert Hathaway’s Ambiguous Partnership (1981) argues that ambivalence between London and Washington was deep-seated, and made it difficult to develop mutually-agreeable policies in both war and peace.164 For many American policymakers the yoke of anti-colonialism was difficult, if not impossible, to completely shake off. Meanwhile, in Whitehall a sense of superiority towards their inexperienced and idealistic counterparts across the Atlantic. In recent years a consensus around the functionality of the Anglo-American relationship has developed, thanks in large part to what

158 Louis, *ibid.*, 46-47, 56, & 99-100. The links between American foreign policy and British imperialism are something of a constant theme in Louis work and are also central to ‘The Imperialism of Decolonization’ and *The British Empire in the Middle East*. It is hoped that this study will positively contribute to this canon of research.


160 Danchev, ‘On Specialness’, 739.


Nigel Ashton calls the “fascination” surrounding this topic. However, despite the burgeoning canon of literature, some areas of the relationship remain under researched, not least how it operated in Iran.

**Anglo-American Relations in Iran**

Of those studies that concern themselves solely with the Anglo-American relationship in Iran, the most extensive are Simon Davis’ *Contested Space* (2009) and Mary Ann-Heiss’ *Empire and Nationhood* (1997). The former is the only comprehensive study of the Anglo-American relationship in the Persian Gulf between 1939 and 1945 and suggests that it was shaped by two interrelated factors. First, British statesmen saw their American colleagues as inexperienced in Middle Eastern affairs and incapable of creating a successful policy there. Second, American figures in the Middle East were sceptical about Britain’s ability to govern the region, viewing London’s policies as a potential cause of instability. An undercurrent of, what Davis terms, “Wilsonian internationalism” influenced American planners and fuelled their desire to reduce Britain’s influence over the region’s affairs. It was hoped that doing so would promote free trade, enterprise and democratic governments friendly to American interests.

Like Davis, Heiss argues that the primary American goal in Iran was guaranteeing economic and political stability. However, she identifies this goal as inherently linked to global security, rather than internationalism, Wilsonian or otherwise. Domestic chaos, she argues, was seen as providing fertile ground for communism to prosper and identified as a danger to regional security. Although the two were initially divergent in their outlooks, Anglo-American relations began to converge after the AIOC’s nationalisation. Fearful that Iran’s new Prime Minister, Mohammad Mussadiq, would align himself with the Soviet Union the American government toppled him in cooperation with London. Meanwhile, recognising that they would be unable to dominate Iran unilaterally, the British came to recognise that working in tandem with the USA was the best means of restoring any semblance of the old order there.

Neither *Contested Space* or *Empire and Nationhood* frame the Anglo-American relationship in anything other than functional terms. To Heiss in particular, the relationship was valued by the United States when it could provide geopolitical stability and prevent Soviet expansionism and discounted when it could not. Despite their strengths, these studies each have a number of weaknesses. First and most importantly, they fail to recognise the division between Britain’s diplomatic and non-diplomatic actors in Iran. Although the AIOC was ostensibly a nationalised company its policies repeatedly brought it into conflict with the British government, something that is not made clear in either volume. Second, both works place too great an emphasis on the Cold War in shaping both British and American policy with limited consideration of the

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importance of other influences i.e. economic pressures or Iranian nationalism itself. Third, neither Davis nor Heiss recognise the strength of eccentric influences on the American-Iranian relationship. Max Thornburg, an American advisor to the Iranian government, is for example, treated as something of a footnote in both accounts despite being the foremost non-diplomatic actor in Iran.

The limited discussion of the differences between corporate and public policy in the volumes above is corrected, to a degree, by David Painter’s *Oil and the American Century* (1986), which charts “the tension between increasing corporate dominance of the United States’ economy and the nation’s liberal democratic heritage.” In doing so, Painter explores the Anglo-American relationship in the Middle East through the lens of oil, stressing the often-competitive nature of their interactions and the plurality of ideas that existed on both sides of the Atlantic. Painter’s recognition of plurality within administrations and institutions and the development of partnerships that blur the lines between the public and private sectors is of great importance; illustrating the tensions that existed between, for example, governments and companies of the same nation. It is hoped that by assessing the relationship between the AIOC and the British government more deeply this thesis will be able to build upon Painter’s approach, albeit with a more Anglocentric focus.

Although studies of the Anglo-American relationship in Iran are relatively few in number, several accounts of the American-Iranian relationship after the Second World War are available and of relevance to this thesis. The most substantial of these come from Mark Hamilton Lytle and James F. Goode. The former’s *The Origins of the Iranian-American Alliance* (1987) argues that security, not economics, shaped American policy towards Iran.  This focus, he continues, was in itself flawed and misjudged the Soviet Union’s interest in the Middle East and Persian Gulf. The main strength of Lytle’s work is its analysis of the anti-communist ideology that underpinned American action in Iran. He stresses that it informed decision making at every level and was apparent in Iran from the early 1940s: fundamentally shaping the judgement of United States officials there. Goode shares this assessment, arguing that the American government overestimated the Soviet threat to Iran and, as a result, their policies there were incoherent and inappropriate.

The key point of difference between the two scholars is in their assessment of the strength of American support offered to Iran. Lytle’s contends that the United States held a “commitment to an Iranian alliance”, however, he provides limited evidence to support this assertion. It is notable that Iran was not only excluded from the Truman Doctrine, but that the State Department refused to provide any direct aid, pointing Tehran towards the World Bank as a more appropriate source. In contrast, Goode argues that the United States not only failed to provide enough support for Iran, but in doing so strengthened Tehran’s reliance on

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Britain, thereby accelerating the growth of Iranian nationalism. Goode, in The United States and Iran: In the Shadow of Mussadiq (1997) repeats and expands upon these arguments. Although sometimes fawning in his praise for Mussadiq, Goode uses this study to dissect the history of American orientalism in the Middle East and to underline the misunderstanding that pervaded foreign policy there, particularly regarding the threat posed by communism and the bipartisan nature of Iranian nationalism. As will be revealed, nationalism crossed political boundaries and unified otherwise disparate groups.

In spite of the useful research above, the historiography of the Anglo-American relationship in Iran remains limited. This relationship existed in a state of flux with each nation working towards their own goals with little consideration as to how they might affect their ally. It is notable that the American government sought to exert tacit pressure on Britain and force it to adopt a more malleable position vis-a-vis Iran, particularly concerning the terms of the Supplemental Agreement. How this might trouble the Exchequer’s takings or Whitehall’s relationship with the AIOC was given little consideration in Washington, illustrating the functionality at the heart of Anglo-American relations. Investigating this further will help to achieve a more nuanced understanding of their association and new insights in an underdeveloped research area.

**Source Review**

In completing this thesis, the most valuable sources used were official government documents from Great Britain and the United States. To avoid confusion these will be discussed separately along with a brief outline of the other primary documents sources used and their limitations.

**British Government Sources**

The primary source on British policy in Iran is the Foreign Office: Political Departments: General Correspondence, 1906-1966 file (FO 371). This file contains documents relating both to Foreign Office policy towards Iran and the United States, specifically, and documents regarding British foreign affairs generally. Its value, in the context of this project, is enhanced greatly when used in conjunction with Correspondence and Papers of the Prime Minister’s Office, 1940-1945 and 1945-1951 respectively (references PREM 7 and PREM 8). These documents include correspondences to and from the prime minister and help to achieve a better understanding of how the upper echelons of government developed and implemented policy. Additionally, the Cabinet Minute and Cabinet Memoranda files (references CAB 128 and CAB 129) offer a useful source to track internal policy debates. To gain a better understanding of conditions in Iran the Foreign Office and Foreign and Commonwealth Office: Embassy and Consulates, Iran file (reference FO 248) is essential. Not only does it contain documents sent from London to Tehran and vice-versa, but it also records of meetings between Embassy staff and figures from the Anglo-Iranian Oil Company and the Iranian government. These sources were accessed at the National Archives, Kew.

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174 Danchev, ‘On Specialness’, 739.
One notable omission in the British sources used are those derived from intelligence source. As Calder Walton’s *Empire of Secrets* (2013) demonstrates, the intelligence community was a vital cog within the British Empire, formal and informal alike.\(^{175}\) However, as Chikara Hashimoto notes, wartime intelligence agencies “were dismantled in peacetime” with the “first casualty” of this process the Combined Intelligence Centre Iraq/Iran.\(^{176}\) For this reason there are simply too few files relating to British intelligence activity in Iran to make a substantive contribution to this study.

**American Government Sources**

The most important file series in completing this study was General Records of the State Department (Record Group [RG] 59). This series contains a wide range of diplomatic cables including internal State Department minutes, memoranda of discussions between Embassies, and documents sent to and from private experts, for example letters sent from Max Thornburg of Overseas Consultants Inc. to Secretary of State Dean Acheson discussing the ownership of Iranian oil.

However useful RG 59 is, it was not used in isolation. Valuable supplementary material came from the General Records of the Department of the Treasury, RG 56. These documents were particularly important in analysing the development of American corporatism and efforts to integrate Iran into the Western economic system. RG 56 was also helpful in understanding why American aid to Iran was so limited.

Finally, this thesis utilised the United States Congressional Serial Set: the official collection of reports and documents of Congress. These documents were accessed through the National Archives, College Park, Maryland, and the John F. Kennedy Institute Library, Berlin.

**Personal Papers**

Although official sources are useful to gain a more nuanced understanding of the past, other sources are needed. Particularly important are personal papers and diaries, which enabled individuals to express thoughts and opinions that would otherwise go unrecorded. These documents can help to reveal internal discourse that goes unreported in official sources and track communication with individuals outside government, helping to illustrate the influence of non-state actors on the mind of government.

In the United States the most useful source of personal papers was the Harry S. Truman Presidential Library, home to the personal papers of the following: Henry Grady, R. K. Davies Dean Acheson, Harry Truman, Arthur C. Gardiner, and Max Ball. Additionally, records held at the John F. Kennedy Library, Berlin, were used where appropriate.

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\(^{176}\) Chikara Hashimoto, ‘Fighting the Cold War or Post-Colonialism? Britain in the Middle East from 1945 to 1958: Looking Through the Records of the British Security Service,’ *The International History Review* 36, 1 (Jan, 2014), 22.
Personal papers in Britain are more widely dispersed. For example, St Anthony’s College, Oxford is home to Sir Francis Shepherd’s unpublished diaries while Hugh Dalton’s are kept at the London School of Economics. Full details of those documents used will be referenced in the bibliography.

In addition to unpublished personal papers, this thesis also made use of published autobiographies. Although it is essential to take care when using biographies and recognise any bias or efforts to rewrite history they can provide useful insights and offer their subjects a chance to reflect on the decisions they made. While relying on them alone would not be prudent, they can provide a useful point of comparison with other sources.

**Media Sources**

Of the many individuals featured in this thesis Max Thornburg was perhaps the most prodigious when it came to media appearances. Between 1945 and 1951 he appeared in a number of magazines, including *Time*, *Reader’s Digest* and *Fortune*, as well as newspapers, such as *The New York Times* and *The Washington Post*. Thornburg’s output provides scholars with a vast range of sources to draw from to better understand his outlook and that of the American private sector. As such it was important to analyse these sources through the British Library and John F. Kennedy Institutes’ vast periodical archives. Newspapers were assessed through their respective online collections.

**Anglo-Iranian Oil Company Documents**

Given the transnational nature of this project utilising sources from non-government sources has been essential to its completion. The British Petroleum Archive at the University of Warwick contains records charting expenditure and production levels in Iran which provide vital insights into the AIOC’s position. Unfortunately, however, this archive did not contain sufficient quantities of minutes or diaries to provide a useful comparison with British government records.

Despite requests to access the archives of Chevron Corp, the parent company of Texaco and Standard Oil of California, and Exxon Mobile, formerly Standard Oil of New Jersey, these were rejected with no explanation given as to why. As such, secondary literature and other primary sources, particularly published interviews with figures from within the oil industry and exchanges between government and oil company officials, will be relied upon to understand the American oil industry’s outlook.

**Iranian and Russian Sources**

Accessing Iranian government archives is difficult, if not impossible. This thesis relies largely on secondary literature, as detailed above and in the bibliography, complemented with documents from the Iranian government held in British and American archives and interviews with Iranian leaders, particularly those held through the Harvard University Iranian Oral History Project. Although this can be seen as a limitation, it should also be acknowledged the focus of this thesis is British policy and action. Similarly, due to language
limitations no Soviet primary sources were used in completing this thesis. However, where possible, the
growing range of literature on the Soviet Union and Iran during and after the Second World War was utilised.

Chapter Outline

This thesis is presented in a broadly chronological structure, in which individual key themes can be analysed
and discussed.

Following this introduction, chapter two will outline Britain’s dire economic position at the end of the
Second World War and the Attlee government’s determination to use the empire’s resources to improve it.
Iranian oil was a key component in this strategy because it was both immensely profitable and a source of
scarce foreign capital. Given his highly personal approach to foreign policy, this chapter will also analyse
Foreign Secretary Ernest Bevin’s background, character and ambitions. It will suggest that although he is
often lionised for his role in crafting the postwar settlement in Europe, Bevin’s tenure had weaknesses,
particularly in Iran. Analysing the British response to two crises - the creation of a Soviet backed state in
Azerbaijan and the rise of the Tudeh Party - will demonstrate this. It will be argued that Bevin and other
British policy makers struggled to see beyond their entrenched bias and failed to recognise either the Iranian
people’s fundamental mistrust of their intentions or desire for self-determination. This is particularly true in
the British reaction to the Tudeh, which was identified as a manifestation of workplace grievances and not
nationalism.

Chapter three looks in more depth at British efforts to galvanise the upswell in political energy that followed
in the Tudeh’s wake and their attempts to craft a new labour movement in Iran. It will argue that Bevin’s
strategy failed and that by the end of 1947 Iranian trade unionism lacked both legitimacy and popular
support, largely because of British intervention. Similarly, it will be suggested that the Attlee government’s
efforts to raise living standards in Iran, thereby winning favour with the Iranian people, were also failing
thanks to stagnant wages and spiralling living costs. Importantly, development plans drawn up by the Iranian
government itself were entirely ignored, reflecting the British government’s ingrained orientalism
uncooperative attitude.

This chapter also examines Britain’s growing economic dislocation and suggests that safeguarding the AIOC,
one of Britain’s few profitable assets, began to take on a new importance as the postwar recovery faltered.
Complicating matters was the Iranian government’s decision to open discussions on the Supplemental
Agreement, an amendment to the 1933 Anglo-Iranian Oil Concession. Negotiations would last for some four
years and reveal deep divisions between London and Tehran and the British government and AIOC. Like the
Sword of Damocles, the Supplemental Agreement hung dangerously over Anglo-Iranian relations: a
malevolent presence souring an already challenging situation.

Chapter four analyses the Anglo-Iranian relationship from 1949 to 1951, a period in which new Cold War
tensions provided further difficulties for the Attlee government in Iran. With the United States becoming
increasingly hostile to communism, the Persian Gulf was identified as an area of acute vulnerability. Faced with its own fiscal constraints, Washington chose not to engage directly with Iran, but began to pressure Britain to alter its policy and adopt a more conciliatory approach to its relations with Tehran. The AIOC came under particular scrutiny and was identified, along with the Supplemental Agreement, as exploitative and dangerous to international stability.

Determined to maintain their independence and in desperate need of capital, the British government attempted to resist American coercion and urged the Iranians to sign the Supplemental Agreement. By this stage British policy had become repetitive and unfit for purpose, characterised by mismanagement, internal conflict and blinding orientalism. As Britain faltered, Iranian nationalism grew more pronounced. A new wave of leaders, particularly Mohammed Mussadiq, called for the removal of all foreign influence from the country and tapped into a deep well of anger amongst the middle and urban working classes who had once made up Iran’s trade union movement. Unable to restrain the nationalist march, British power crumbled and, in March 1951, the Anglo-Iranian Oil Company and its assets were nationalised.

The concluding chapter will provide an epilogue, charting the fallout from nationalisation and seek to make sense of the events outlined above and draw new interpretations regarding Britain’s Iranian policy. In doing so, it will acknowledge the limitations of Britain’s informal empire in Iran and the challenges posed by relying on non-state actors to support foreign policy, and again acknowledge the importance of orientalism and mismanagement in the collapse of British power in Iran.
Chapter II: The British Response to National Movements, 1945 - 1947

The purpose of this chapter is to understand how the British Government responded to postwar nationalism and mass political movements in Iran following the Second World War and suggest that Britain’s response to events in Iran was steeped in orientalism and mismanagement. It will analyse the 1946 Azerbaijan Crisis and the emergence of the Tudeh Party to suggest that British policy was not only clouded by a fundamental misunderstanding of the impulses that shaped Iranian politics, but also stymied by its creators’ entrenched bias. In the first case, Ambassador Reader Bullard’s ill-informed and condescending reporting hindered the creation and implementation of a policy appropriate to meet the Soviet challenge while preserving Iranian stability. Meanwhile in the second, Foreign Secretary Ernest Bevin’s passionate commitment to trade unionism clouded his judgement of why the Tudeh took the form it did and, subsequently, Britain’s response to it.

Underpinning British policy in Iran were three factors: economic fragility, imperial reorientation and Ernest Bevin’s highly personal leadership style. These will be analysed below to demonstrate the impulses that influenced the creation and implementation of Labour’s foreign policy.

Part I: Establishing Britain’s Position in 1945

Economic Fragility and Imperial Reorientation

A Financial Dunkirk: The Cost of War

At the end of the Second World War Britain’s economic outlook was, in the words of Chancellor of the Exchequer Hugh Dalton, “pretty bleak.” Financially exhausted by war, Britain faced the dual problems of indebtedness and a long-term negative balance of payments forecast. Although a prewar creditor Britain’s total debt had grown to £24.7 billion by 1946, roughly two and a half times its gross domestic product. Somewhat humiliatingly, Britain had also become a debtor to nations in both the formal and informal empires. For example, the Treasury owed over £1 billion to India (a fourfold increase on prewar figures) and a further £475 million to Palestine, Egypt and Sudan.

Adding to these difficulties was the cost of war itself. War damage totalled an estimated £3 billion, but perhaps more importantly created unparalleled international economic dislocation. In June 1944 the Board of Trade reported that as a result “we cannot expect any appreciable long-term improvement of the import/
export position for at least two-thirds of Britain’s manufacturing industry.”

Although John Maynard Keynes, Britain’s most eminent economist and head of their delegation to the World Bank, optimistically suggested “to cheer ourselves up, we make bold to assume that by 1949 we have reached the goal of increasing the volume of exports by 50 per cent, the value of exports in that year, at double prewar prices, would be £1450 million” even he admitted that such growth was something of a “pipe dream.” Stymying growth was international economic chaos and domestic shortages of materials and manpower. The rate of demobilisation had proven slow and in 1947 over 1.2 million men (some twelve percent of the working population) remained under arms and unable to engage in economically productive labour.

Britain’s financial difficulties were added to by the United States’ decision to terminate Lend-Lease aid: cutting off a vital source of support and increasing pressure on London’s depleted foreign reserves. Although provisions had been made in 1943 to allow for the extension of Lend-Lease aid until July 1946, in August 1945 Leo Crowley, Director of the Foreign Economic Administration, sent a letter to the heads of each Foreign Economic Administration informing them that, with the end of hostilities approaching, they should prepare for an end to American economic assistance. President Harry S. Truman also directed that all outstanding orders be cancelled, “except where the allied governments agree to take them over, where it is in the interests of the United States to complete them.”

Subsequently, the President agreed to the immediate cancellation of Lend-Lease shipments except in “certain unavoidable cases where the abrupt cessation of aid would cause undue hardships.” However, “in no case” were shipments “to extend beyond six months from the effective date” of termination. The abrupt conclusion of Lend-Lease had, according to Attlee, put Britain “in a very serious financial position”, not least because the economic burden of war continued throughout the demobilisation period. Although the State Department warned that aid was needed to support Britain’s “occupational duties” Truman chose to reject the “moral responsibility” of foreign aid and vetoed all subsequent Lend-Lease requests.

The war also had great social costs which are more difficult, and perhaps even impossible, to calculate. The rationing of food continued, queues for even the most basic food stuffs were ubiquitous and homelessness common. Some 40,000 people occupied disused service camps and many of the houses that were inhabited were in poor condition. In “a large, dilapidated room without light, water and (yesterday at least) without fuel for a fire” a rehousing officer reported, were a “bus conductor, two woman, and three schoolchildren,

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180 ‘The Long Term Prospects of British Industry,’ CAB 87/14 NA.
181 Barnett, The Lost Victory, 41.
184 The Secretary of State to the Ambassador in the United Kingdom (Winant), 18 August 1945, Foreign Relations of the United States, 1945, Vol. VI: The British Commonwealth, the Far East, 102 (hereafter referred to as FRUS); James Alvin Huston, Outposts and Allies: US Army Logistics in the Cold War, 1945-1953 (Susquehanna, Pennsylvania,1988), 56.
185 ‘Lend-Lease Contracts (Cancellation).’ Clement Attlee speech to the House of Commons, August 24, 1945, Hansard Online, www.hansard.millbanksystems.co.uk (last accessed 3 May 2013).
186 Joseph Grew, ‘Lend-Lease to Europe,’ 14 May 1945, White House Central Files: Confidential File, Box 23: Lend-Lease; Truman to Grew, 2 July1945, Harry S. Truman Library, Independence, Missouri (hereafter referred to as HSTL).
desperate for somewhere to live.” The dismal monotony of war had created a general sense of malaise and even in victory many remained dispirited. The Labour Party’s electoral triumph was certainly a reaction to growing poverty and can be viewed as something of a clarion call for wholesale change across all levels of society. The Party’s manifesto, *Let Us Face the Future*, had called for the creation of a cradle-to-grave welfare state and a new social democratic consensus to ensure that those who suffered in war would reap the benefits of peace. Upon being elected, Prime Minister Clement Attlee committed the new government to nationalising key British industries, making steps to eradicate poverty through the redistribution of wealth and ensuring that fairness became a central tenet of British society and governance alike.

However, despite Labour’s high-minded idealism, conditions were such that improving Britain’s economic fortunes needed to take primacy over building a ‘New Jerusalem.’ The abrupt termination of Lend-Lease meant that, even with further borrowing and exhausting gold and dollar reserves, at least £1.250 million, or $5 billion, would need to be raised within three years if Britain was to carry out essential spending programmes. Keynes’ “total strategy” for Britain’s economic recovery focused on the “intense concentration on the expansion of exports” coupled with “drastic and immediate economies in our overseas expenditures” and “substantial aid from the United States.” This unified approach was hampered by the USA’s decision to offer Britain a loan worth $3.75 billion with a two percent interest rate and not the $5 billion interest free loan Keynes had hoped for. The loan also carried stringent terms and conditions, not least the free convertibility of sterling by July 1947. As will be illustrated, convertibility sent shock waves through the fragile British economy and forced the Attlee government to both draw on increasingly scarce dollar reserves and reduce immediate capital expenditure. With American aid limited, one of Keynes’ three core elements for recovery was clearly weakened, leading to redoubled efforts to increase British exports while simultaneously holding down domestic consumer demand.

*A Shot in the Arm: Reviving the Empire*

As the depth of Britain’s economic malaise became clear, London’s remaining overseas assets became seen as a vital source of income, prompting the development of an increasingly pragmatic approach to imperial management. In ministerial meetings it was made clear that “the Colonial Empire could make a major contribution towards the solution of our present economic difficulties” as well as helping safeguard Britain’s

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188 In a national radio broadcast on the eve of the 1945 General Election, Attlee stated that a Labour government would “plan the broad lines of our national life so that all may have the duty and opportunity of rendering service to the nation, everyone in his or her sphere, and that all may help to create and share in an increasing material prosperity free from the fear of want.” *The Times*, 6 June 1945.


190 Memorandum by Lord Keynes, 13 August 1945, CAB 129/1, NA.


longterm sustainability. Thus, while the British displayed a readiness to come to terms with nationalism in India, Ceylon and Burma, their policy in Malaya showed what John Darwin refers to as, “no hint of any desire to cut and run.” Malaya not only produced a third of the world’s tin, but also a substantial amount of rubber: materials which could help to bolster Britain’s depleted dollar supplies and help to rejuvenate depleted domestic industries. A similar pattern of pragmatic reorientation can also be seen in colonial Africa, where it was hoped that economic development could help to alleviate Britain’s economic burden. Bevin, recognising that recovery would not be achieved through manufacturing alone, mused that “if only we pushed on and developed Africa, we could have [the] United States dependent on us, and eating out of our hand, in four or five years. Two great mountains of manganese ore in Sierra Leone, etc. [The] US is very barren of essential minerals, and in Africa we have them all.” Africa apart, Iran, and the Middle East more generally, was identified as a vital source of commodities and, thanks to the presence of the Anglo-Iranian Oil Company, a stronghold of the informal empire. The country was not only home to Britain’s greatest source of oil wealth, but also the Abadan oil refinery, Britain’s largest single overseas asset. Like Malayan rubber, the oil produced in Iran had the potential to be a major dollar earner, and was identified by Bevin as vital to Britain’s future. In a pithy assessment of the Labour government’s pragmatic approach to foreign policy, Cain and Hopkins suggest that “the empire was to be given a shot in the arm rather than in the head.”

Allied to the development of economic resources to support Britain’s recovery was the belief that development could raise the standard of living of the empire’s subjects. The Second World War had clearly undermined the old international order. First, it had illustrated that Britain could be defeated, by both European and non-European forces. This helped to stoke emerging nationalism across Africa, the Middle East and the Caribbean. Second, the United States’ entry into the war had been hinged, in part, on the Rooseveltian belief that the war could usher in a new age of international prosperity and freedom. As the terms of the 1941 Atlantic Charter, the first declaration of the Allies’ goals for the post-war world, demonstrate, freedom to self-determination was central in this estimation. Britain needed to offer an olive branch to its overseas outposts and prove that the empire was a benevolent, rather than rapacious entity.

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193 Cabinet Conclusions, 29 July 1947, CAB 128/10, NA.


195 Hyam, *Britain’s Declining Empire*, 131.

196 William Roger Louis notes that by the late 1940s Iran was home to around 6.8% of the world’s oil with “infinite promise for the future.” The Attlee government was well aware of this and hoped to capitalise upon it. Louis, *The British Empire in the Middle East*, 54-57.

197 Cain and Hopkins, *British Imperialism*, 278.

198 Randall Bennett Woods argues that President Roosevelt “embraced the principles expressed in the Atlantic Charter” and was “committed to a liberal foreign economic policy designed to lower trade barriers and bring forth an economically interdependent, prosperous world.” Indeed, Bennett Woods goes as far suggesting that the “relatively closed empire trading bloc” operated by the British was identified as “key to the realization of the Roosevelt administration’s multilateral dreams.” Randall Bennett Woods, ‘FDR and the Triumph of American Nationalism’ *Presidential Studies Quarterly* 19, No. 3 (Summer, 1989), 567-568.

199 The third term of the Charter was “the right of all peoples to choose the form of government under which they will live.” For a full transcript see: [http://avalon.law.yale.edu/wwii/atlantic.asp](http://avalon.law.yale.edu/wwii/atlantic.asp) (Last accessed, August, 2014).
According to Frederick Cooper “Britain saw development as the key means by which it could reestablish imperial legitimacy” while also raising much-needed revenue.200

D. A. Low describes the revitalisation of the British Empire after World War Two as evidence of a “second colonial occupation.”201 Low, in conjunction with J. M. Lonsdale, argues that British policy was “grounded in traditional sentiments” and “reinforced” by emerging Cold War pressures.202 However, they also argue that development, or “the careful contrivance of ‘partnership’” helped to create a new synthesis, which came to define the Attlee government’s policy towards the empire.203 Historically typified as exploitative, the second colonial occupation saw efforts to accelerate growth and development across the empire. According to Cooper, Labour sought to move “toward a more positive colonial policy - fostering economic and social progress and devolving political responsibility.”204 Cooper argues that policy makers in London hoped to exploit colonial resources while simultaneously guiding development and planning for self-governance in the long-term. The convergence between the twin goals of Britain’s economic sustainability and colonial development led Chancellor Sir Stafford Cripps to declare that: “the further development of African resources is of the same crucial importance to the mobilisation and strengthening of Western Europe as the restoration of European productive powers is to the future progress and prosperity of Africa.”205

This policy was developed in the hope of minimising the threat of domestic nationalism, guarding against communism and establishing governments friendly to London; thereby maintaining strong links between the metropole and peripheral regions, and reinforcing Britain’s position as a leading world power. Indeed, Bevin felt that “we have the material resources in the Colonial Empire, if we develop them, and by giving a spiritual lead now, we should be able to carry out our task in a way which will show clearly that we are not subservient to the United States of America or to the Soviet Union.”206 Although undoubtedly weakened by the Second World War, the Attlee government viewed Britain as not just an international power, but a nation with a unique role in global affairs and a bridge between the developed and undeveloped world.207 Furthermore, as Cooper has suggested, development as envisaged by London would lead to an “overlapping” of domestic and international corporate boundaries, establishing a framework from which it would be difficult for individual states to break.208 This would then help to safeguard Britain’s overseas influence and maintain an informal empire based largely on trade and currency controls.

201 D.A. Low, *Eclipse of Empire* (Cambridge, 1993); D.A. Low and J.M. Lonsdale, ‘Towards the New Order,’ 12-16,
202 Ibid., 2.
203 Ibid., 3.
204 Cooper, *Decolonization and African Society*, 203.
206 Ernest Bevin, ‘The Threat to Western Civilization’ 3 March 1948, CAB 129/25, NA.
207 ‘Effect of Britain’s External Financial Position on Foreign Policy,’ 9 February 1945, FO 371/45694 NA.
Although Low and Cooper’s research is largely confined to British policy in Africa, parallels can be made with strategy elsewhere. Roger Louis and Ronald Robinson have, for example, suggested that the empire can be defined by its “capacity for regenerating on alternative sources of strength”, not least in the years after the Second World War.\footnote{Louis and Robinson, ‘The Imperialism of Decolonization,’ 452.} While withdrawal from India and Palestine was total, Louis and Robinson suggest that informal control elsewhere was strengthened, most notably in the Middle East, and Egypt and Iran in particular.\footnote{Ibid., 453.} Hyam argues that Bevin hoped to reduce the twin appeals of radical Islam and communism through collaboration and trade: a process which would engender with a ready supply of valuable commodities such as oil and gas.\footnote{Hyam, Britain’s Declining Empire, 98-99 and 123-4.} Paul Kingston, meanwhile, identifies the establishment of the Development Division of the British Middle East Office (BMEO) as central to revitalising Britain’s relationship with Iraq, Egypt and Jordan in particular.\footnote{Paul W. T. Kingston, Britain and the Politics of Modernization in the Middle East, 1945-1958 (Cambridge, 1996).} Kingston records that while this policy was designed to raise revenue it was also seen as the most cost effective means of ensuring these nations remained within Britain’s sphere of influence and rejected Soviet encroachment. Quoting Bevin, he explains this as a “peasants, not pashas” policy with development acting as an “ingenious means” of reducing the threats of “nascent revolutionary forces.”\footnote{Ibid, 11.} Although not formally part of the British Empire, both Kingston and Hyam note that Iran was identified as a nation with which Britain needed to rejuvenate relations. Indeed, Kingston suggests that at the end of the Second World War the threat to Britain’s interests there “had never been greater.”\footnote{Ibid, 63; Hyam, Britain’s Declining Empire, 98.}

Understanding Iran’s Importance

The Second World War had seen the regeneration of Iranian extraction and refinement facilities as the country’s vast oil reserves became a vital commodity in the defeat of Nazi Germany.\footnote{So great were the AIOC’s operations that historian S.H. Longrigg recorded: “[it was] not possible easily to distinguish between the strictly industrial operations of the Company...and those designed to help the complex and massive operations of the Military Command.” S. H. Longrigg, Oil in the Middle East: Its Discovery and Development (London, 1968), 127.} Although total oil production in Iran had fallen from 9.6 million tons in 1939 to 6.6 million tons in 1941, it had more than doubled by the end of the war, reaching 13.3 million in 1944 and 16.8 million tons by 1945.\footnote{Final Account Schedules, BP CRO 4P 6001-7086, accessed at the British Petroleum Archives, Warwick (hereafter cited as BPA).} In turn the company’s tax yield to the Treasury had increased from £3.32 million in 1939 to £15.53 million in 1945.\footnote{UK Taxation Liabilities, 1932 onwards, 20 September 1951, BPA BP 9233.} This was no trifling amount, but rather represented one of the British Empire’s most profitable and consistent assets. In a strident comparison, the Ministry of Fuel and Power suggested that replacing the Abadan refinery would cost £120 million - “not much less than the estimated cost of retooling and modernising the coal
industry in this country.” There was also the potential for further growth, as demonstrated by the AIOC’s burgeoning capital expenditure, which rose from a low of £0.2 million in 1941 to over £6.8 million in 1945. Although investment was focused largely on developing new refinery facilities, in 1945 alone over £1.2 million was dedicated to developing new oil fields, clearly indicating the wealth of untapped resources available in Iran and the Persian Gulf more generally. Exploration was given an added degree of expediency following the 1946/47 winter fuel shortage, which illustrated Britain’s energy fragility and the limitations of basing an industrial economy on domestically produced coal. As Bevin himself had noted “if the British Empire fell...it would mean that the standard of life of our constituents would fall considerably.” Few resources demonstrated this more clearly than Iranian oil.

Iran was also seen as a strategic asset and the Chiefs of Staff were keen to stress the country’s value as a defensive outpost. Although the United Kingdom was identified as “the fundamental basis of Commonwealth defence”, the Middle East provided “defence in depth for East and Southern Africa, and may also secure the through route of communication via the Mediterranean, Suez Canal and Red Sea” and as such it was suggested “that it is essential to maintain our position in the Middle East in peace and defend it in war.” In recognition of its value, Iran was identified as part of the “northern tier”, the shield against Soviet expansion into the Mediterranean. Although Anglo-Soviet relations at the end of the Second World War were ostensibly friendly, competition between the two states in this area was historically fierce. More importantly, the new Labour government was acutely concerned about Soviet expansionism and saw Iran as a bulwark against this.

It must be recognised that although militarily important and vital to Britain’s economic recovery there were no plans to formalise London’s control over Iran. The 1944 Anglo-American Petroleum Agreement had, theoretically, guaranteed British informal power there by dividing the Middle East into distinct spheres-of-influence and it was assumed that the AIOC would continue to act as London’s principle agent there. This strategy was risky and rested heavily on the company undertaking policies concurrent with government

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219 Final Account Schedules, BP CRO 4P 6001-7086 BPA.
221 Barnett, Lost Victory, 64.
222 Bullock, Foreign Secretary, 219-258.
223 In 1892 Lord Curzon described Persia as one of “the pieces on a chessboard upon which is being played out a game for the domination of the world” and for the next 30 years it saw fierce competition between London and Moscow for supremacy. George Nathaniel Curzon, Persia and the Persian Question Vol. I (London, 1892), 3.
224 Bevin not only warned that the Soviet Union sought to create “a Russian Monroe from Lubeck and the Adriatic right through to Port Arthur”, but also that “the danger to the peace of the world has been the incessant propaganda from Moscow against the British Commonwealth as a means to attack the British.” Randall Bennett Woods, A Changing of the Guard: Anglo-American Relations, 1941-1946 (Chapel Hill, North Carolina, 2006); Kynaston, Austerity Britain, 135.
strategy. Despite owning a controlling stake in the AIOC, the British government allowed the company to operate as a private firm and there were mechanisms to restrain or direct its behaviour.

British policy towards Iran lends weight to John Darwin’s suggestion that after the Second World War “the necessity of modifying the imperial system was recognised” as a means of preserving British wealth overseas. Against the background of looming economic disaster the Labour government saw their foreign assets as essential to the country’s stability and believed that to reap their rewards reform and development needed to take place. As this chapter, and thesis more generally, will suggest, British policy was envisaged in broad, overarching terms and struggled to come to grips with the complexities of the situation. Moreover, policy was based largely on assumptions as to the empire’s capacity for reform and fluidity. In Iran, for example, little heed was paid to the potential for division between the AIOC and British government, or their divergent goals: a situation made worse by the inadequacy of successive ambassadors to Tehran. Finally, British policy was highly reflective of the personalities, opinions and bias’ of its creators, not least Foreign Secretary Ernest Bevin.

Ernest Bevin: Foreign Secretary

An Education in Labour

Described by David Marquand as one of the “twin peaks” of the Attlee cabinet (Chancellor of the Exchequer Sir Stafford Cripps being the other) Ernest Bevin’s rise to political prominence seems, on reflection, as unlikely as any. Born in 1877, the poverty-stricken son of a Somerset woman who died when he was just eight years old, Bevin began working as a labourer at eleven, having received little formal education. In 1910 he became secretary of the Bristol branch of the Dockers Union and, four years later, was elected national organiser. Sixteen years later, Bevin was instrumental in founding the Transport and General Workers Union (TGWU), of which he was subsequently elected chairman. Under his stewardship the TGWU would go on to become Britain’s largest trade union, establishing him as the country’s foremost labour leader.

While Clement Attlee bore the clipped, quiet and understated hallmarks of an upper middle-class former-public school boy, Bevin was ebullient, massively self-confident and leonine in debates. Attlee’s socialism was born of sober Protestantism and charitable service in London’s impoverished East End, but Bevin’s was informed by the experience of organised labour and fiery Baptist sermons. A physically huge man, Bevin was a formidable figure, yet one who relied as much on high cunning as sheer ferocity to dispense with rivals and consolidate his own position within the labour movement. His skills were such that Churchill drafted

226 Darwin, Britain and Decolonisation, 73.
227 David Marquand, Britain Since 1918: The Strange Career of British Democracy (London, 2008), 120.
228 It should be noted that although born into a devout Christian household, Attlee was an agnostic for much of his life, albeit one who subscribed to the notion of “Christian Socialism” as necessary to “commit us to the conflict which we must engage in sooner or later with the un-social Christian and the un-Christian socialists.” Harris, Attlee, 21-22.
him into the National Government as Minister for Labour, even though Bevin was not an MP. The five years he served in this post demonstrated that despite his limited schooling Bevin had a both a rich intellect and impressive organisational skills. According to historian Geoffrey Field, Bevin helped to establish a “new context for labour relations in Britain, imposing constraints on both labour and business and creating new opportunities for the growth of trade unionism.” Thus, while the total number of strikes during the Second World War exceeded those of the First, the total number of days lost were reduced, thanks largely to the adoption of action such as “work-to-rule, overtime bans, absenteeism and brief walk outs lasting only a few hours.” Moreover, to Bevin, a staunch believer in the right to strike, the ability of workers to engage in industrial action was a demonstration of the positivity of his reforms. Central to his success was a creative approach to problem solving, so much so that Attlee would later suggest that he had “never met a man in politics with as much imagination as he had, with the exception of Winston [Churchill].”

Bevin as Foreign Secretary

On July 27, 1945, to the surprise of many observers, Attlee’s unveiled Bevin as Foreign Secretary and not Chancellor of the Exchequer, as had widely been assumed. In part this decision was tactical. Had Attlee posted Bevin to the Treasury he would have had to work closely with Lord President of the Council, Herbert Morrison, whom he openly loathed. Although Bevin’s political career had focused on domestic labour and economic policy, his role in the international labour movement afforded him the opportunity to gain a handle on overseas affairs. As well as taking an active role in the International Transport Workers Federation, he was prominent in the International Labour Office. Finally, during the 1930s he had served on the Colonial Development Advisory Committee, a body which sought to achieve more equitable relations between Britain and its foreign dominions.

These experiences saw him develop a unique perspective on international affairs. As Permanent Under-Secretary of the Foreign Office, Sir Ivone Kirkpatrick would later suggest, somewhat critically, “he could only look at events through the spectacles of his own experience...most of our transactions were equated to some experience in his trade union or Ministry of Labour days.” His background also helped him to

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229 Note: upon becoming Minister For Labour, Bevin was elected in an unopposed election as MP for Wanstead Central. Churchill, who referred to Bevin as by “far the most distinguished man that the Labour Party have thrown up in my time”, was extremely keen that he enter the National Government as Minister for Labour, even though Bevin was not an MP. The five years he served in this post demonstrated that despite his limited schooling Bevin had a both a rich intellect and impressive organisational skills. According to historian Geoffrey Field, Bevin helped to establish a “new context for labour relations in Britain, imposing constraints on both labour and business and creating new opportunities for the growth of trade unionism.” Thus, while the total number of strikes during the Second World War exceeded those of the First, the total number of days lost were reduced, thanks largely to the adoption of action such as “work-to-rule, overtime bans, absenteeism and brief walk outs lasting only a few hours.” Moreover, to Bevin, a staunch believer in the right to strike, the ability of workers to engage in industrial action was a demonstration of the positivity of his reforms. Central to his success was a creative approach to problem solving, so much so that Attlee would later suggest that he had “never met a man in politics with as much imagination as he had, with the exception of Winston [Churchill].”

230 Ibid., 101-104.

231 Ibid., 101-104.

232 Ibid., 102.

233 Allegedly, on hearing a colleague comment that Morrison was “his own worst enemy” Bevin retorted “not while I’m alive, he ain’t!” Robert Pearce, Attlee’s Labour Governments, 1945-1951 (Lancaster, 2002), 15.

234 Ibid., 102.

235 Bullock, Foreign Secretary, 83.
develop socialist sensibilities that were rooted in pragmatism, rather than ideology, and a recognition that hard-nosed bargaining was the best means of achieving tangible success, whether for his union members, his constituents, or, latterly, his countrymen. This outlook, along with his coarse mannerisms, put him at odds with the intellectual and, largely, middle-class wing of the Labour Party, embodied by the Fabian Society and the *New Statesman*.  

Although himself a prodigious reader and individual of great intelligence, Bevin seemed to mistrust self-proclaimed intellectuals and experts, choosing to rely instead on his own intuition and instinct. Indeed, *New Statesman* editor Kingsley Martin even suggested that “the fact that Bevin himself was an intellectual, though he would not admit it, only increased his contempt for those who carried the label.”

Although Labour’s 1945 election manifesto, *Let Us Face the Future*, had called for a “socialist analysis of the world situation” Bevin himself took total control over the direction of Britain’s foreign policy. A clear demonstration of this was the manner in which he opposed Attlee’s suggestion that, on strategic grounds, Britain withdraw from the Middle East and Mediterranean, which the Prime Minister argued was “only an outpost position.” Bevin, along with the Chiefs of Staff and Colonial Office, rejected this suggestion out of hand. The Foreign Secretary not only felt that Britain’s financial recovery hinged on the empire’s resources, but also that any rollback would see Britain’s power vis-à-vis the United States and Soviet Union reduced.

Recognising Bevin’s strength of feeling the prime minister acquiesced, allowing his Foreign Secretary to dictate the direction of British policy. In part this was reflective of Attlee’s leadership style. Recognising the varied talents of his cabinet, he became committed to delegating responsibility to individual ministers. Indeed, Under Secretary of State Alexander Cadogan would later comment: “Bevin effaces Attlee, and at ‘Big Three’ meetings he does all the talking while Attlee nods his head convulsively and smokes his pipe.”

Given Attlee’s tendency to delegate it is unsurprising that British foreign policy came to mirror Bevin’s outlook and attitude.

In his first speech to the House of Commons as Foreign Secretary, Bevin suggested that “if you get men talking together about the same occupation, the same trade, the same machines, nationalism ceases, and occupation and life interest takes it place.” His faith in negotiation when combined with his strong

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239 Attlee to Bevin, 1 December 1946, FO 800/475 NA; Cabinet Office Minute, 1 September 1945, CAB 129/1. Frank Heinlein suggests that Attlee’s recommendation was based on a belief that long distance aircraft, collective security through the United Nations and the loss of India reduced the Middle East’s strategic importance and that Britain should now follow adopt a policy “for sentimental reasons.” Heinlein, *British Government Policy and Decolonization*, 13-15.


242 Bullock, *Foreign Secretary*, 83.

patriotic streak and staunch unwillingness to view Britain as anything other than a great power undoubtedly ran contrary to the economic and military frailties discussed above. According to Corelli Barnett, Bevin was, despite his impoverished background, part of a generation in which the “imperial myth” of British international power was so entrenched that it formed a “psychological crutch”, necessary to understanding international affairs. In Iran, this so-called “crutch” would manifest itself in efforts to implement top-down development there to strengthen the ties between metropole and periphery without full consideration of the needs and desires of the Iranian people themselves.

However, Bevin’s philosophy can also be interpreted more positively, and as helping him to develop a belief in the possibilities of the empire to become a mutually supportive framework, both for Britain and the colonies. Bevin hoped that new partnerships would not only provide the resources necessary to improve Britain’s economic position, but also help to improve conditions abroad: thereby winning Britain favour and guaranteeing international prestige. Referring to Britain as “the last bastion of social democracy” he looked to carve a niche as an alternative power to American capitalism and Soviet totalitarianism: a liberal democracy and a model for others to follow. According to Chancellor Hugh Dalton Bevin offered “mulish resistance” to any proposals which could be construed as relinquishing power overseas and instead hoped to achieve domestic prosperity in tandem with overseas development.

In Iran, and the Middle East more generally, this approach was particularly clear. The aim of his policy was “not to dominate its people or dictate how they shall live, but to help preserve them against any other domination...to make them feel that their interests coincide without ours, and thus to secure the fullest possible measures of cooperation from them in matters of policy and in arrangements for defence.” As will be demonstrated, Bevin hoped to pursue a policy of utilising Iran’s material wealth to decrease debt levels at home and encourage local economic development to help solidify support for Britain there. Although the Foreign Secretary’s strategy can be interpreted as being steeped in sentiment, a Machiavellian streak clearly ran through it. He recognised that Iranian oil was not only “one of our most important strategic interests” but also that it “would be vital to us in time of war” and provide a valuable source of income as an export commodity. However, over time, the more idealistic elements of Bevin’s policy would, as necessity

244 Barnett, Lost Victory, 8.

245 Bevin’s perception of patriotism and Britain’s position in the world is perhaps best illustrated by a speech to the TUC in 1930 in which he stated: “I know there are lots of people who believe that the British race is finished with, down and out, and is done for. I do not believe it. I believe that we have a culture, we have an ability, we have a craftsmanship that can still render great service to the world.” TUC, Annual Report (London, 1930), 257-61.

246 Louis, The British Empire in the Middle East, 88.


249 Perhaps the most forthright critic of Bevin’s approach is Peter Weiler who proposes that the Foreign Secretary entered office “determine to protect traditional British interests rather as he had defended the interests of ‘his’ dockers.” In turn, Bevin produced a policy which was shaped in his own perceptions, rather than international conditions. Peter Weiler, ‘British Labour and the Cold War: The Foreign Policy of the Labour Government, 1945-1951,’ Journal of British Studies 26, No. 1 (Jan., 1987), 57. See also: Weiler, Ernest Bevin.

250 Barnett, Lost Victory, 63.
dictated, become secondary to economic considerations. This suggests a distinct malleability in the Foreign Secretary’s approach, and an acceptance that Britain’s “world-wide mission” was secondary to the country’s balance sheet.\(^\text{251}\)

**Bevin, the United States and the Labour Left**

Although some elements of Bevin’s outlook are easily identifiable others are clouded to the point of paradox, not least his views on British relations with the United States. Undoubtedly suspicious of the free market capitalism which so defined the USA, Bevin couldn’t help but admire both the country’s material wealth and contribution to the Second World War. Similarly, he, like many in Britain, believed American power to be malleable and that Britain could act as a conduit to Washington adopting a more active role in international affairs.\(^\text{252}\) That this belief was widely shared in London, suggests that the British did not fully comprehend the United States’ international objectives at the end of the Second World War.\(^\text{253}\) Bevin was, for example, keen to secure American cooperation in the defense of the Middle East, but felt sure that Britain could retain its economic primacy there. Recognising that the USA was both militarily and technologically preponderant, the Foreign Secretary hoped that collaborative projects between the two states would increase the value of Britain’s assets there and guarantee their protection if war were to come.\(^\text{254}\) As will be revealed, however, the Foreign Secretary’s estimates were not entirely successful and the United States actively pursued a policy in Iran which was not only separate to Britain’s, but often ran counter to it.

Though clearly a dominant figure within the Labour government, Bevin’s tenure was not without opposition. Although generally willing to let his Foreign Secretary guide Britain’s overseas policy, Attlee was himself sceptical as to the viability of a “Commonwealth strategy” and instead proposed an internationalist solution to the protection of overseas resources, suggesting that “the British Empire can only be defended by its membership of the United Nations Organisation.”\(^\text{255}\) In Attlee’s estimation, “if the new organisation is a reality, it does not matter who holds Somalia or Cyrenaica or controls the Suez Canal. If it is not a reality we had better be thinking of the defence of England, for unless we can protect the home country no strategic

\(^{251}\) Weiler, ‘Labour and the Cold War,’ 57.

\(^{252}\) Terry Anderson, *The United States, Great Britain and the Cold War, 1944-1947* (Oxford, 1982), 12-3. By 1947 views towards cooperation with the United States had crystallised: “[Britain’s] financial weakness had necessarily increased the need to coordinate our foreign policy with that of the only country which is able effectively to wield extensive economic influence - namely the United States.” ‘Effect of Our External Position on Our Foreign Policy,’ 12 February1947, FO 371/62420 NA.

\(^{253}\) In March 1944 a Foreign Office report stated: “it must be our purpose...to make use of American power for the purposes which we regard as good...If we go about our business in the right way we can help steer this great unwieldy barge, the United States of America, into the right harbour.” However, perhaps the best known manifestation of this attitude was Harold Macmillan’s suggestion that the United States “represented the new Roman Empire and we Britons, like the Greeks of old, must teach them how to make it go.” David Gowland and Arthur Turner eds., *Britain and European Integration: A Documentary History* (London, 2000), 42; John Baylis eds., *Anglo-American Relations Since 1939: The Enduring Alliance* (Manchester, 1997), 12.

\(^{254}\) Details of tripartite discussions during the Potsdam Conference, 1945 reveal an emerging degree of Anglo-American understanding on future security measures in the Middle East i.e. unified opposition to Soviet demands to establish bases on Greece’s Aegean Coast. As Cold War tensions developed this unity developed further. See Leffler, *A Preponderance of Power*, 63-77 & 141-151.

position elsewhere will avail.”

In this instance Bevin, with the support of the Chiefs of Staff, won the argument, and rejected Attlee’s approach to international security. The manner in which he rejected the Prime Minister’s concerns illustrates a certain single mindedness in Bevin’s approach to policy, a tendency that would be repeated in Iran.

Bevin’s desire to revitalise the empire also drew criticism from the Labour Party’s leftist fringe. In protecting Britain’s monopoly over Iranian oil, Bevin was accused by figures such as Harold Laski of seeking to “split the party” by undertaking a “policy of hostility” towards the Soviet Union. Laski was also concerned that Bevin had aligned himself too closely with the United States during postwar discussions regarding both the future of Europe and German territorial integrity, preventing a socialist partnership between Britain and the USSR from emerging. Bevin also came under criticism from sections of the Trade Union Congress with some two and a half million of its members voting in favour of a motion suggesting that British foreign policy was anti-Soviet and deferential to the United States during the 1946 Brighton Congress. Although the motion was defeated by one million votes, the result illustrated the substantial opposition to British foreign policy from some sections of the labour movement. Rather than engage with such criticism, Bevin’s response was to guard himself against further attacks and remain confident in his highly personal approach to international affairs. He took further steps to align himself with the Chiefs of Staff and to establish a small, trusted circle of Foreign Office advisors. Such measures saw Bevin to tighten his hold over the creation and execution of British foreign policy and isolate himself from criticism. In doing so he undoubtedly limited discussions on foreign affairs, hindering the production of new, creative ideas.

Less Than Heroic: The Limits of Bevin’s Tenure

In Iran specifically, the Foreign Secretary’s unwillingness to look beyond his own experience prevented him from gaining a full understanding of the social and political groups operating there. As P. S. Gupta has illustrated, Labour’s leadership, and Bevin in particular, were prisoners of Victorian “racial-cultural typology” and the inability to view colonial peoples as equals, or as capable of building nations without British guidance. The depth of this prejudiced view was such that it hindered both the creation and implementation of appropriate British policy in Iran and exacerbated tensions there. Furthermore, Bevin overestimated his ability to reign in the Anglo-Iranian Oil Company’s worst excesses and get them to follow a path set in Westminster. With the company intent on maintaining its independence British policy became

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256 Memorandum by Attlee, 1 September 1945, CAB 129/1 NA.

257 Weiler, Ernest Bevin, 156. See also, Michael Newman, Harold Laski: A Political Biography (Basingstoke, 1993), 267-271. Interestingly Bevin’s Parliamentary Private Secretary, Sir Pierson Dixon, initially suggested that Bevin had “a perhaps too pronounced slant towards Russia”, however given his suspicion of communism, born out of years of fighting entryism into the trade union movement, it is unsurprising that he was hostile to an ideology he identified as inherently illiberal. Pierson Dixon, Double Diploma: The Life of Sir Pierson Dixon (London, 1968), 173-4.

258 Ibid.

259 Harris, Attlee, 300-303.


261 Gupta, Imperialism and the British Labour Movement, 131.
disjointed, offering Iranian nationalism the opportunity to prosper. Finally, Bevin mismanaged relations with the United States in the Middle East and was gradually caught between preserving British primacy and maintaining close relations with Washington. This was particularly clear in his response to Iranian nationalism and inability to understand American mistrust of Britain’s intentions overseas.

Given these failures, it seems difficult to justify the ‘heroic’ status bestowed upon Bevin by Terry Anderson, Robert Hathaway and Alan Bullock. While his successes in Europe, particularly in helping to establish Marshall Aid, are clear, his tenure at the Foreign Office was not entirely successful, especially in regard to policy in Iran. Similar conclusions have been drawn by Peter Weiler, who argues that Bevin fundamentally misunderstood the impulses behind nationalist movements in the developing world, adding to a sense of delusion around Britain’s international power and thus delaying necessary discussions as to the long-term feasibility of the empire itself. This was clearly the case in Bevin’s perceptions of Iranian trade unionism and his expectation that the labour movement there would only prosper if modeled along British lines. This in turn led to the application of inappropriate policy, which helped to fuel nationalist discord and anti-British sentiment.

Part II: Responding to National Crises in Iran

During 1945 and 1946, the Labour government was faced with two distinct, but interrelated, crises in Iran. The first was the creation of a semiautonomous regime in the northern province of Azerbaijan and the second a series of violent strikes across the country’s southern oilfields, which eventually lead to a declaration of martial law. Linking these events was the growing influence of the Soviet Union and the burgeoning viability of both communism and nationalism as domestic political forces. Although generally studied in isolation, either as part of domestic Iranian or early Cold War history, these events provide valuable examples to better understand British postwar policy. These case studies also provide an introductory narrative to future Iranian nationalism and are in a sense a conduit to the mass nationalist movements which emerged in 1947 and which would eventually lead to the AIOC’s nationalisation. Finally, they may be used as comparative models in discussions of the empire’s response to independence and labour movements.

Azerbaijan and the Soviet Threat

In Iran and the Cold War (1992) Louise L’Estrange Fawcett argues that the 1946 Azerbaijan crisis can be interpreted in four ways. First, that the crisis was the result of Soviet interventionism and relied upon foreign and not domestic activism. Second, that it demonstrated regional unrest and the inherent cultural and ethnic

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262 Terry Anderson, The United States, Great Britain and the Cold War; Hathway, Ambiguous Partnership; Richie Ovendale, ‘Britain, the U.S.A and the European Cold War, 1945-8,’ History 62 (June, 1982), 217-36.

263 For a summary of Weiler’s arguments see Weiler, ‘British Labour and the Cold War.’ A more detailed analysis of Bevin’s worldview and influences can be found in Weiler, Ernest Bevin.

264 One particular source of criticism in this respect has been Geoffrey Field who contends that Bevin was “a man who loved power, wielded it despotsically, and regarded himself as the voice of the working class.” The latter point is important in that it clouded his judgement and restricted his vision in relation with trade union movements beyond his immediate control. Field, Blood, Sweat and Toil, 81.
differences between Azerbaijan and the rest of Iran. Third, Fawcett suggests that Iranian writers of a left-wing bent have been keen to stress the crisis’ role as part of a broader movement for domestic change and societal reform. Finally, the traditional Soviet interpretation holds that the Azerbaijan crisis was part of a wider pattern of international liberation struggles across the developing world and a response by the Iranian proletariat to imperialism and capitalist oppression. Fawcett’s study, published in 1992, was initially written as a dissertation in 1988 at the height of the Cold War’s collapse. Given the international political climate of the time, it is unsurprising that the study is framed almost entirely in a Cold War context and ignores Britain’s role as anything other than an observer of Soviet and American actions. A rereading of the Azerbaijan crisis will demonstrate its importance in context of decolonisation and suggest its was seen in London as illustrating the necessity of tightening Britain’s hold over Iran and establishing safeguards to protect their economic and strategic assets. In keeping with ongoing political trends in London, development was central to this strategy.

The roots of the Azerbaijan Crisis lie in the Anglo-Soviet joint-occupation of Iran during the Second World War. As the war came to a close the Kremlin took the decision to arm Azeri separatist groups in their zone of occupation backing the creation semiautonomous client state there in the hope of gaining a new source of oil. Although the British Military Consul at Mashad, Sir Claremont Skrine, saw the Soviet effort solely as a response to “vigorous American intervention” in Iran, a more nuanced analysis came from the United States’ charge d’affaires in Moscow, George C. Kennan who suggested that “potential foreign penetration in that area [Azerbaijan] coupled with the concern for prestige” motivated Soviet policy. In a careful bid to avoid charges of stimulating unrest, the Soviet Union offered financial and organisational support to the newly formed Democratic Party of Azerbaijan (DPA) under the leadership of Ja’far Pishihvari, an Azeri nationalist who strove to secure regional autonomy for Azerbaijan and the federalisation of the Iranian state. Fakhreddin Azimi suggests that Pishihvari capitalised on “lurking feelings of discontent and deprivation” amongst the Azerbaijani people and appealed to their preexistent communal sentiments and highly regionalised outlook. In a sense the DPA established itself on a platform dedicated as much to national self-determination as Marxist ideology. On 12 December the DPA successfully established a separatist government, based in the Azeri capital Tabriz, and a National Assembly was convened with the Russian Consul-General serving as a witness. The Iranian Army were powerless to prevent Pishivari being declared premier as Soviet forces blocked roads into the region and offered support to hastily assembled DPA militias.


Humiliated, the few Iranian troops remaining in Azerbaijan were withdrawn to Tehran to avoid enflaming the situation and risking war with the Soviet Union.  

Recognising that a military solution was impossible, Prime Minister Dr. Ibrahim Hakimi attempted to resolve the Azerbaijan problem through a twofold, soft power formula. First, he looked to engage with Soviet leaders and establish a stronger Iranian bargaining position in any future negotiations. Second, he legislated to restrict public displays of support for either the Soviet Union or the Azeri separatist movement to prevent Marxism and separatism from spreading. In clear overtures to Moscow, Hakimi requested that Qavam al-Saltana, a deputy in Iran’s parliament, the Majlis with close links to the Soviet Union, serve as a special advisor in his government and appointed several pro-Soviet legislators to his cabinet. Simultaneously, the Prime Minister forced through new legislation to ban public demonstrations and, in a bid to appeal to moderate Iranians, publicly declared that he would not negotiate with the “anarchists” who led the DPA. Given that Iran was economically and militarily weak and diplomatically isolated, Hakimi had to rely on establishing a new platform for conversation with the USSR and hope that domestic conditions improved.

While the Prime Minister’s strategy seems reasonable in retrospect, it was less successful than he had hoped. His efforts to use Qavam as a mediator with the USSR were rebuffed immediately and were followed by a humiliating message from Moscow which stated that “they would prefer to greet in Moscow a Premier Qavam, rather than a Premier Hakimi.” Additionally, the Soviets objected to Hakimi’s ban on public demonstrations, and demanded that it be lifted immediately. These problems were compounded further by Moscow’s decision to halt the export of agricultural goods from Azerbaijan and solidify their military presence in the region. These actions were a direct abrogation of the 1941 Anglo-Soviet-Iranian Treaty, which not only specified that foreign nations would avoid encroaching in Iranian political affairs, but also that foreign troops would be withdrawn within six months of the war ending. By ignoring this agreement the Soviet Union not only tested Hakimi’s strength, but forced him to look to London for diplomatic support.

The Iranian government’s efforts to mediate with the USSR were weakened when Ambassador Reader Bullard compared them to appeasement. Similarly, although opposed to Soviet aggression in principle, the Attlee government was unwilling to take action that could potentially lead to them being drawn into direct

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270 Events in Azerbaijan were catalogued by Bullard in a series of memos to the Foreign Office. See Bullard to Foreign Office, 15 December 1945, FO 371/45439 NA and Bullard to Foreign Office, 15 December 1945, FO 371/45437 NA.

271 Abrahamian, Between Two Revolutions, 218-221.


273 Ibid.

274 Bullard to FO, 20 December 1945, FO 371/52661 NA.

275 Ibid.

276 Ibid.


278 Bullard to Foreign Office, 27 November 1945, FO 371/45436 NA.
conflict with Moscow. Militarily Britain’s presence in Iran was, according to Bullard, “strategically useless” which, considering just 5,000 soldiers (one-sixth of the Soviet forces present in Azerbaijan) were stationed there in December 1945, does not seem to be an unreasonable assessment.\(^{279}\) This view was shared across the British military. Vice-Chief of the Imperial General Staff, Lieutenant-General F.E.W. Simpson, for example, suggested that “we do not possess in peace sufficient troops or facilities in the areas concerned to guarantee the security of the oil fields in Persia and Iraq in the event of large-scale attack.”\(^{280}\) Desperate to avoid conflict with Moscow and lacking faith in Hakimi’s policy the British Government wavered.

While the Foreign Office looked uncertain in the face of Soviet aggrandizement, Bullard saw it as an opportunity to advance Britain’s position in Iran. He argued that “over-centralisation was the real cause of present disintegration” and suggested that the best means of guaranteeing stability was through a settlement to divide the country into two semiautonomous provincial administrations.\(^{281}\) While the Soviet Union would have authority over Azerbaijan and other northern territories, Britain would control those in the south. The Ambassador believed that this system would provide a bulwark against future Soviet aggression and offer a greater guarantee of protection for British interests in the south.\(^{282}\) He also hoped that such an agreement would strengthen British influence at both a local level and in the Majlis, allowing London to bypass the increasingly vulnerable Hakimi and entrench their informal hold. In detailing the Iranian army’s withdrawal, Bullard suggested that “there is little chance that the present prime minister will be able to retain his position for very long, but if he and his cabinet give their blessings to our proposals and public opinion abroad lends its support we may hope to get in his place a prime minister who will also welcome the proposals and will cooperate loyally with it.”\(^{283}\)

The Ambassador’s proposals were given approval by the British consuls at Ahwaz, Shiraz and Isfahan, suggesting that rather than opposing Soviet action, they hoped to recreate it and assemble a pro-British bloc based around oil rich southern provinces.\(^{284}\) The logic behind Bullard’s support for division was simple, without it “they [the Soviet Union] could introduce labour conditions which would drain the Anglo-Iranian Oil Company’s labour market in a very short time. Moreover the mere presence of an enormous Soviet State-controlled company operating in Persia would provide them with a first-class political lever for use in inducing the Persian authorities to harass the Anglo-Iranian Oil Company - if indeed it did not become the de facto government of northern Persia and consequently to a large extent of the whole country.”\(^{285}\) Bullard felt confident that the Soviet Union’s long term goal was to weaken Britain’s hold over Iranian oil and eventually displace them as the predominant foreign power there. If this situation were to occur Britain would not only

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\(^{279}\) Louis, *British Empire in the Middle East*, 70.

\(^{280}\) ‘Strategic Requirements in the Middle East,’ 25 May 1946, CAB 131/2 NA.

\(^{281}\) British Ambassador to the Foreign Office, 27 November 1945, FO 371/45436 NA.

\(^{282}\) Ibid.

\(^{283}\) Bullard to Foreign Office, 2 January 1946, FO 371/52661 NA.

\(^{284}\) His Majesty’s Consul, C.A. Gault, Isfahan Diary 1945; His Majesty’s Consul Trott, Ahwaz Diary 1945; His Majesty’s Consulate-General Shiraz, ‘Twenty-Nine Tribes: Relations with Government,’ 8 November 1945, FO799/6-28 NA.

\(^{285}\) Bullard Note, 25 May 1945, FO 371/45464 NA.
lose a vital strategic outpost and valuable source of oil, but suffer a catastrophic psychological defeat, demonstrating their fall from great power status. Partition, however, would enable Britain to formalise control over their assets in southern Iran and deepen their influence there: guaranteeing greater resistance to Soviet intrigue and protecting the bulk of the AIOC’s oil supplies.

On Bullard’s advice, Bevin used the December 1945 Moscow Council of Foreign Ministers meeting to call for the appointment of an Anglo-Soviet-American commission to investigate the Azerbaijan problem and potentially to pave the way for the country’s division. According to Alan Bullock, the Foreign Secretary’s support for partition was bolstered by his recognition of Britain’s limited military power and the cost-effective nature of maintaining a regime favourable to British interests through this process. Bevin’s refusal to withdraw British funding for Greek monarchist forces as part of an effort to guard against Soviet advances in the Mediterranean provides another demonstration of his plans to use proxy governments against Moscow. The parallels between British policy in Greece and Iran suggest a unified plan to defend British interests through indirect means and avoid military confrontation with the Soviet Union. Creedence to this view is given by records of Bevin’s meeting with Secretary of States James F. Byrnes in December 1945, in which the Foreign Secretary directly refers to Soviet efforts to undermine Britain in the Mediterranean. Subsequently, he proposed that a process of retrenchment take place, without which “commerce and trade, economy and democracy will be finished.”

The idea of dividing Iran into semiautonomous provinces to be split between Britain and the Soviet Union drew fierce opposition from both the Iranian government and the United States. American Ambassador to Tehran, Wallace Murray, for example, suggested that Bullard’s approach bore the hallmarks of the Anglo-Russian Agreement of 1907 and would lead to the country being subsumed into polarised spheres of influence. Meanwhile, State Department planners reported their belief that Britain was acting out of desperation and that, given their weak economic and military position, they would be willing to accept “any reasonable proposal which should prevent Iran becoming a Soviet satellite.” Perhaps the most forthright opposition to partition came from American Ambassador to Moscow, Averell W. Harriman who suggested that the British “could ill afford an independent foreign policy....England is so weak she must follow our leadership. She will do anything that we insist upon.” Harriman’s statement was an indication of how the


287 Bullock, *Foreign Secretary*, 159.


289 Record of a Conversation at the American Ambassador’s Residence, Moscow, 17 December 1945, CAB 134/82 NA.

290 Defence Committee Minutes, 13 March 1946, CAB 131/2 NA.

291 The Ambassador in Iran (Murray) to the Secretary of State, 4 December 1945; FRUS, 1945, Vol. VIII The Near East and Africa, 475; The Ambassador in Iran (Murray) to the Secretary of State, 10 January 1946, FRUS, 1946, Vol. VII The Near East and Africa, 299-301.

292 British Embassy, Washington D.C. to Foreign Office, 26 November 1945, FO 371/45480 NA.

293 W.A. Harriman and Elie Abel, *Special Envoy to Churchill and Stalin, 1941-1946* (New York 1975), 531
United States perceived postwar Britain. Although still a valuable ally, they were by no means an equal power and a new expectation had arisen that their actions would follow, and not conflict with, decisions made in Washington. In late 1945/early 1946 this impulse was still to mature, but it would soon become a defining characteristic of the Anglo-American relationship in Iran. In Britain, there was no recognition of this relative relegation in international stature and, despite ongoing financial difficulties, the Attlee government remained committed to forging a foreign policy independent of that set by Washington.

Harriman’s comments illustrate the divergence in the British and American outlook towards the crisis in Azerbaijan. While the United States saw the situation as the result of Soviet treaty abrogation, the British felt it represented a deeper threat to their interests and the stability of the region more generally. Determined to maintain their preponderance in Iran and provide a demonstration of their international standing, the British government proved willing to adopt actions that were deemed inappropriate and perhaps even at odds with the geopolitical goals of the United States.

Bullard’s proposals helped to exacerbate the already heightened sense of panic in Iran, leading Hakimi to call for the Azerbaijan issue to be put before the United Nations Security Council as a demonstration of foreign aggression. Despite Britain’s established interests in Iran, Hakimi requested that the USA serve as an “unbiased, friendly assistant” in drafting a petition to the UN. Although this request was rejected by Washington, following warnings it could affect impartiality, it reflects an early marginalisation of Britain’s position in Iran and highlights Hakimi’s willingness to look beyond the traditional Anglo-Soviet duopoly for support. Although the United States was not actively seeking to displace Britain, they were viewed as a nation in the ascendency by the Iranian government and their creeping soft-influence should not be underestimated. Indeed, this request can be seen as the first example of a pattern that would be replicated in years to come. While Bevin hoped to incorporate Iran into Britain’s economic and defensive system, there were no guarantees that the Iranians would themselves follow a path favourable to London. In truth, there was a sharp disconnection between British expectations and Iranian actions.

Despite Wm. Roger Louis’ argument that “the British on the whole were skeptical of American staying power” and Bevin’s determination to forge a foreign policy free from Washington’s influence, the British could not isolate themselves from international public opinion. Thus, while the British Ambassador to Washington, Lord Halifax, suggested that the Truman administration saw “the difficulties in the Middle East in terms of a clash between rival imperialisms for oil and power in which the United States has no immediate interest” he also argued that a divisive policy in Iran would “cast serious doubt” on Britain’s willingness to “abide by their undertakings as member of [the] United Nations Organisation” and would, therefore, be a blow to the authority of the UN itself. Halifax’s concerns were given further resonance when, after discussions with Secretary of State Byrnes, he suggested that not only did the United States “not at all like the idea of discouraging [a] Persian approach to [the] United Nations Organisation” but also that “the

294 Davis, Contested Space, 247-249.
295 Murray to Byrnes, 1 January 1946, RG59 891.00/1-146 NARA.
296 Louis, British Empire in the Middle East, 71.
297 Halifax to Foreign Office, 2 Feb 1946, FO 371/51606 NA; Halifax to Foreign Office, 3 January 1946, FO 371/52661 NA.
Americans will not move from this position.” Byrnes reiterated this view four days later and made clear that “it did not appear very advisable for a great power to assume responsibility, as His Majesty’s Government had done in this instance, of dissuading a small country from invoking the machinery of the United Nations Organisation whenever it thought fit.”

In framing the Azerbaijan Crisis as potentially harmful to their interests, Halifax raises an interesting question as to the strength of Britain’s international position. While the British had in previous decades been able to adopt a unilateral policy in Iran, this was no longer the case with pluralism between nations the new norm in international politics. Byrnes’ comments underline this and suggest that Britain was no longer a truly great power, but rather one of many nations who should exercise diplomacy through the United Nations.

Despite Bullard’s determination to see Iran divided and British control in the south formalised, Bevin was under pressure from his domestic support base to find a constructive solution, free from the imperial hue of partition. Josephine Smith, a British trade unionist with experience advising labour leaders in Iran and a friend of future Colonial Secretary Arthur Creech Jones, argued that the British administration in Iran, and Bullard in particular, was “quite unconsciously, anti-working class, be it the British, Persian or Russian, or any other working class...They just can’t help it that the Labour government’s policy is against the grain - to them socialism is something wicked and alien and the lower classes just something which has to be kept in its place, even if it is a sort of Gestapo which is to do so.” Smith’s letter is indicative of the strength of feeling of Britain’s left-wing towards potential support for dictatorial figures and their suspicions that Bevin could adopt an imperialist policy, even if it was seen as at odds with the socialist internationalism of some factions of the Labour Party. These views were crystallised by commentator Raymond Blackburn, who argued that “it is often said by extreme left critics that the British Labor [sic] government is pursuing a Socialist policy at home and a Tory policy abroad” and that the Foreign Secretary faced accusations of “being pathologically hostile to communism in any form.” This criticism of Bevin reflects his pragmatic nature, and a malleable approach based on immediate circumstance and necessity, rather than entrenched theoretical ideology.

While Halifax and the British left warned against the dangers of partition, Bullard remained certain that it offered the best means of safeguarding British interests from the USSR. In a January 2 message the Ambassador warned that the Azerbaijan issue going before the UN was “likely to kill our Moscow proposals for the appointment of a tripartite commission for the establishment of Provincial Councils for Persia” and called on the Foreign Secretary to take any action necessary to dissuade Hakimi from tabling a complaint.

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298 Halifax to Foreign Office, 3 January 1946, FO 371/52661 NA.
299 Halifax to Foreign Office, 7 January 1946, FO 371/52661 NA.
300 Josephine Smith to Bevin, 25 November 1945, FO 371/52661 NA.
301 Morgan suggests that Blackburn’s criticisms were held by a sizable minority of Labour party members in the early postwar period. At this stage the Soviet Union was identified largely as a wartime ally and Moscow had yet to crystallise its hold in eastern Europe. Morgan, Labour in Power, 64-67; Raymond Blackburn, ‘Bevin and His Critics,’ Foreign Affairs 25, No. 5 (Jan, 1947), 239.
302 Foreign Office to British Embassy, Tehran, 2 January 1946, FO 371/52661 NA.
Bullard also took the unusual step of directly appealing to the Shah to prevent this from happening, suggesting that he wanted him to take a more active role in Iranian political life.\textsuperscript{303} The Ambassador believed Hakimi’s grip on power was slipping and he saw the Shah’s potential in becoming something of a dictatorial figure.\textsuperscript{304} This would not only fill Iran’s emerging power vacuum, but also provide a malleable strongman and vessel for British guidance and financial support, helping to guarantee their favourable position. Although unpopular in some quarters, the Ambassador’s hard-nosed stance gained the approval of Assistant Under-Secretary of State Robert Howe, who suggested that “Persian independence is already a thing of the past” and that the best means of protecting British assets there was to “adopt Russian tactics and encourage an autonomy movement in Southwest Persia.”\textsuperscript{305} Howe recognised that this was a “dangerous policy” that could draw adverse reactions from “British public opinion and in the United States”, but believed that it would provide long term sustainability and aid both Iran’s development and the exploitation of Iranian oil.\textsuperscript{306}

The notion that Iran needed British guidance was a constant theme during and after the Second World War, as was the belief that the Iranian people themselves were weak-willed and lacking in moral fortitude. As the British military attaché reported “Persia, though capable of spasmodic feats of bravery, is not renowned for that dogged brand of courage which sustains prolonged resistance in adverse circumstances. He was dismayed that recent approaches made to the Soviet Union did not immediately elicit favourable replies. So Persian courage is beginning to ooze away.”\textsuperscript{307} Given his proposed policies it is unsurprising that Bullard himself espoused this opinion. In particular, he announced his belief that the Iranian people were “too selfish and slothful” to resist communist subversion, “untruthful, backbiters, undisciplined, incapable of unity, and without a plan.”\textsuperscript{308} This highly negative analysis of Iranian attitudes and capabilities undoubtedly clouded Bullard’s judgements and hinder his ability to provide analysis of the situation in Iran that was untainted by racial and cultural stereotypes.

The Ambassador’s outlook was perhaps representative of his education and employment history. Although the son of an East London labourer, Bullard had attended the independent Bancroft School on a £16 Essex County scholarship before undertaking further study at Queens’ College, Cambridge and joining the Levant Consular Service in 1906 at just twenty-one years old.\textsuperscript{309} Bullard, now aged sixty-one, had spent his entire career in the diplomatic service, taking up positions in India, the Middle and Near East, and the Soviet Union. The former postings helped to create a sense of imperial triumphalism while the latter enhanced his

\begin{itemize}
\item \textsuperscript{303} Bullard to Foreign Office, 4 January 1946, FO 371/52661 NA.
\item \textsuperscript{304} As previously noted the Shah’s ability to influence power was restrained by Majlis protocol. While he was able to call for policy he had no means of enacting it. However, Bullard felt that this could be changed if the Majlis was reduced in size, to limit fractionalism, and the Shah given the constitutional powers needed to introduce and pass his own legislation. Bullard to Foreign Office, 2 January 1946, FO 371/52661 NA.
\item \textsuperscript{305} Howe Memorandum, 16 April 1946, FO 371/52673 NA.
\item \textsuperscript{306} \textit{Ibid.}
\item \textsuperscript{307} British Military Attache to Foreign Office, 21 December 1945, FO 371/45458 NA.
\item \textsuperscript{308} Sir Reader Bullard to Ernest Bevin, 15 March, 1946; British Ambassador to the Foreign Office, 29 March 1946, FO 371/52670 NA.
\end{itemize}
suspicions of communism generally and Stalinism specifically. In short, Bullard, surrounded by a crony network built up since his schooldays and inexperienced in non-diplomatic matters, failed to recognise either the emerging intellectual and social maelstrom that threatened Britain’s position in Iran. Although he was both well read and well travelled, the Ambassador’s relationship with the Iranian people themselves bears the hallmarks of orientalism and an inability to view even figures from within the Tehran government as equals. As Britain’s foremost diplomatic representative in Iran, Bullard helped to set the tone of relations between the two states. As Alexander Schölch has illustrated, in pre-modern and modernising states the ‘men on the spot,’ whether diplomatic or military, had the ability to inextricably alter relations between states and to pursue policies with limited metropolitan influence.  

Thomas Otte has pursued this line further and suggested a reservoir of insularity in the far-flung reaches of the British Empire. While Bullard was officially directed by London, he had a large degree of anonymity which manifested itself in policy tainted by a clear distain for the oriental Iranian people. This subsequently coloured Anglo-Iranian relations and hindered the establishment of a positive working partnership between the two states.

Bevin increasingly found himself in a compromised position. Despite his initial support for a decentralised Iran made up of semiautonomous provinces, by mid-January 1946 he had grown concerned that this policy could damage Britain’s image abroad and, following Halifax’s advice, hinder relations with the United States. Thus, while he lamented Qavam for having “wrecked any chance of Russian acceptance of the proposal for a tripartite commission” and expressed concern that the Iranians may have “deprived [themselves] of the possibility of raising the question later.” He also agreed to support Iran at the United Nations. This decision was undoubtedly based on calculating pragmatism. In Parliament Bevin was called upon to explain his previous endorsement of Bullard’s proposals. Invoking the traditional language of empire, the Foreign Secretary candidly explained that “when a small country happens to possess a vital raw material it is for allies to arrange their business so as not to make the small country the victim of controversy between the big allies.” Revealingly, Bevin added “I think this is a sound policy; I tried to do it and failed.” With his policy shelved and his ideas something of an anachronism, Bullard’s position was untenable and he retired from the Tehran Embassy aged sixty-one.

While the British were divided, a spirit of unity and desire to protect their nation’s integrity had emerged amongst the Iranian people. This was embodied by the rise of Qavam al-Saltana as an alternative power to Prime Minister Hakimi in the Majlis. Described by Bullard as having “openly taken a violently one-sided  

310 Schölch, ‘The ‘Man on the Spot’ and the English Occupation of Egypt in 1882.’  
311 While Otte’s study concerns itself with the Foreign Office’s activities before the First World War the examples he gives can be viewed as running to circumstances in Iran. Although Britain’s influence there was strong, communication with London remained limited and individual diplomats were, generally, charged with expressing Britain’s views as they saw fit. As Kathleen Burk records this helped to sustain networks based on personal relationships and the establishment of a diplomatic class which was at times limited in its vision and hindered by insularity. Thomas G. Otte, *The Foreign Office Mind: The Making of British Foreign Policy, 1865-1914* (Cambridge, 2011); Kathleen Burk, ‘H-Diplo Review Essay on Thomas G. Otte, *The Foreign Office Mind: The Making of British Foreign Policy, 1865-1914,*’ 11 May 2011, published online at: http://www.h-net.org/~diplo/essays/PDF/Burk-Otte.pdf (accessed January, 2014).
312 Foreign Office to Halifax, 5 January 1946, FO 371/52661 NA.
313 Extract from Bevin’s speech in the House of Commons on 21 February 1946, FO to Tehran, FO 371/52665 NA; Bullock, *Foreign Secretary* 206-219.
line against inter-allied treatment of the Persian question” Qavam appealed to both communist and nationalist elements in Iran thanks to his stance against foreign interventionism, and long political experience.\textsuperscript{314} A committed patriot, Qavam had served as Prime Minister three times (in 1921, 1922 and 1942 respectively), but, due to the chaotic nature of Iranian politics, had spent a total of just thirteen months in office. Qavam also had personal interests in Azerbaijan. He was the region’s largest landowners and, as such, was seen by the Majlis as unlikely to be susceptible to Soviet intrigue or bribery.\textsuperscript{315}

By a quirk of Iranian parliamentary procedure and a period of lobbying, Qavam had by mid-January created a “minority” bloc that could rally fifty-two votes to Hakimi’s fifty-one.\textsuperscript{316} With his support base dwindling and facing allegations of treason, Hakimi was, on January 21, 1946, forced to tender his resignation. His time in office lasted just seventy-six days and ended a mere forty-eight hours after Iran’s petition had been tabled at the UN. Subsequently Qavam was invited to form a new government as Prime Minister. Despite his relative popularity in Iran and history of crisis management, he was regarded by the British Embassy in Tehran as untrustworthy, “filling the key posts with Tudeh nominees” and seeking to collaborate with the Soviet Union.\textsuperscript{317} The British military attaché was also sceptical of his abilities and intellect, stating that “like most Persians he is obsessed with the idea of his own cleverness and believes that he can handle the Russians. This is a belief which few outside the ranks of his own countrymen would share.”\textsuperscript{318}

British concerns were exacerbated by Qavam’s surprising decision to quietly withdraw Iran’s case from the United Nations and engage in direct, bilateral negotiations in Moscow as to the future of Azerbaijan. Qavam’s mission to Moscow lasted three weeks, but achieved few identifiable successes. Indignant that the Soviet Union had failed to gain an Iranian oil concession in 1944, Foreign Minister Vyacheslav Molotov demanded that Tehran recognise Azerbaijan’s autonomy and grant a concession before troops were withdrawn. Despite Soviet pressure, Qavam refused to be cowed and offered no guarantees on either matter before he returned to Tehran on March 10.\textsuperscript{319} Privately the Prime Minister viewed his visit to Moscow as a success. By resisting Soviet pressure he felt that he had earned their respect and could now bargain from a stronger position. Similarly, by delaying an agreement, he had allowed time for Anglo-American suspicion towards Soviet intentions to fester, increasing their support for Iranian action at the United Nations. In previous decades Iran had generally found itself divided between the imperial powers, but it was now able to play them against one another on terms it dictated. For example, throughout discussions with the Soviet Union, Qavam hinted at a greater American role in his country and promised that any “southern oil still unallocated will go to the Americans.” Murray, surprised by Qavam’s candour, suggested that the Iranians

\textsuperscript{314} Bullard to Foreign Office, 4 January 1946, FO 371/52661 NA.

\textsuperscript{315} Odd Arne Westad, \textit{The Global Cold War: Third World Interventions and the Making of Our Times} (Cambridge, 2007), 92.

\textsuperscript{316} Mohammed Mussadiq, \textit{Mussadiq’s Memories} (Tehran, 1988), 23.

\textsuperscript{317} Bullard to Foreign Office, 4 January 1946, FO 371/52661 NA. Note: The Tudeh Party was the largest Iranian nationalist group to emerge in the years which immediately followed the Second World War. Its effect will be discussed in detail below.

\textsuperscript{318} British Military Attaché to Foreign Office, 21 December 1945, FO 371/45458 NA.

\textsuperscript{319} Fawcett, \textit{Iran and the Cold War}, 59.
had “the impression that Britain has given up and is no longer interested in Iran.” Although the Prime Minister knew that this was not the case, he understood the value of oil to Britain, and hoped that he could extract influence by massaging latent fears that their position in Iran was vulnerable to foreign intrigue.

Before relaunching discussions with the Soviets, a second Iranian appeal was made to the UN with joint Anglo-American support. Faced with mounting international opposition the Soviet Union agreed to withdraw its troops from Azerbaijan within six weeks. In return Qavam agreed to establish a jointly held Irano-Soviet oil company, subject to Majlis approval and renegotiate the terms of all foreign oil concessions. The USSR would maintain a 51% stake in the company, which would be confined to exploiting Iran’s northern oil reserves. While this agreement seemed to offer the USSR a permanent base in Iran, Qavam’s insistence that the Majlis had to agree to its terms meant that it was unlikely to become law. While the Prime Minister publicly referred to the concession as “long overdue” and a “natural development” he was under no obligation to campaign for its ratification or call on his supporters to do likewise. The inclusion of a clause to renegotiate the terms of all foreign concessions was also a canny move. Having established a more positive relationship with the Soviet Union, Qavam felt confident in his ability to win a more favourable oil settlement with the British who feared foreign intervention from both London and Moscow. Finally, although the Prime Minister agreed to Azerbaijan’s autonomy in principle, he did not rule out its future reintegration or guarantee that Tehran would respect legislation drafted by the regional council in Tabriz.

The brokering skills, diplomatic savvy and high-cunning displayed by Qavam indicate that British orientalism had blinded them to the realities of Iranian political society. Moreover, Qavam demonstrated an ability to operate on the international stage without British interference, challenging the misguided belief that Iran could not function without London’s guidance. However, while the British Government had proven malleable to international opinion, their underlying world view appears unchanged. Ambassador Bullard was bullish in his belief that the Iranians were incapable of independently maintaining order and though Bevin was more flexible, he was only a reluctant supporter of Iran at the United Nations. Indeed, the Foreign Secretary’s performance throughout the crisis was far from exemplary and riddled with uncertainty. He seems to have lacked an overarching vision in Iran and failed to define Britain’s role there.

Even as Soviet troops withdrew from Azerbaijan, a sense of tension lingered and the specter of new unrest loomed heavy on the horizon. While Qavam’s actions were heralded as a “dubious” success, key questions remained over Iran’s immediate future, not least whether the Prime Minister would be able to consolidate his

320 Ibid., 129; The Ambassador in Iran (Murray) to the Secretary of State, 23 March 1946 RG59 740.00119 NARA.

321 Qavam’s efforts to turn Britain, the United States and the Soviet Union against one another indicates his cunning and willingness to take risks. Indeed James Bill suggests that Qavam’s tactics were “one of the biggest pieces of double-dealing in Persian history” allowing him to exploit foreign security concerns and maneuver to his advantage. This approach was certainly high-risk and may in fact have helped to reinforce negative perceptions of Iranian chicanery. However, it should also noted that through “double-dealing” Soviet troops were withdrawn from Iran, the Majlis agreed to renegotiate Iran’s oil concession and no Iranian blood was spilt: certainly no mean feat. Bill, The Eagle and Lion, 37.

322 The Ambassador in Iran (Murray) to the Secretary of State (Byrnes), 22 March 1946, FRUS, 1946, Vol. VII The Near East and Africa, 371.

323 For further information on events in Azerbaijan see: James Clark, ‘Oil, the Cold War, and the Crisis in Azerbaijan of March 1946,’ Oriente Moderno 23, No. 3 (2004); Fawcett, Iran and the Cold War.
domestic power base and avoid the infighting and corruption that had plagued his predecessors.\textsuperscript{324} Complicating this issue was the emergence of the Tudeh Party, a Marxist organisation, who, thanks to Soviet funding, an advanced propaganda campaign throughout the Azerbaijan crisis and the neurotic state of Iranian politics had become what the new British ambassador Sir John Le Rougetel termed, “the only coherent political force in the country.”\textsuperscript{325}

The Second Crisis: The Tudeh Party

While the Azerbaijan Crisis was limited by geography, the creeping rise of domestic political extremism was more difficult to contain and provided the second major threat to British interests in Iran. The Tudeh was undoubtedly the most popular and organised body to emerge after the Second World War. Although sometimes unfairly categorised as simply an extension of Soviet entryist tactics, the Tudeh were largely a homegrown force, blending Marxist doctrine with staunch nationalism.\textsuperscript{326} In Britain, support for the Tudeh was viewed first, as a response to poor wages and working conditions and second, as a radical extension of Iran’s fledgling trade union movement. This categorisation misunderstood the fundamental impulses driving the Tudeh’s support and made it difficult for Britain to implement an appropriate response to their threat. It will be argued that despite evidence to the contrary, British diplomats, and Bevin in particular, saw the Tudeh as a reflection of their own political bias and not as a national movement in its own right. In part this attitude reflected engrained orientalism and an inability to consider the Iranians as capable of modern political thought.

The Roots and Ideology of the Tudeh Party

The Communist Party of Iran was formed in 1920, the first of its kind in the Middle East. Despite limited growth, the party was outlawed in 1931 as part of Reza Shah’s efforts to tighten his hold on power in Iran. Its supporters lay dormant until the 1941 Anglo-Soviet occupation saw the Shah exiled and replaced by his son Mohammed Reza Pahlavi. Subsequently, the Communist Party was reformed under the new moniker Hezb-e Tudeh-e Iran (‘The Party of the Iranian Masses’) and committed itself to societal reform, stressing “the importance of safeguarding democracy as well as all social and individual freedoms - the freedom of language, speech, press, through and social activity.”\textsuperscript{327} Although the Tudeh would later become synonymous with the Soviet Union, in 1941 the party could be described as liberal, rather than radical and operated from a populist platform, including demands for legislation to protect the “labouring classes” and extending the electoral franchise.\textsuperscript{328}
However, by 1945 the Tudeh was increasingly incorporating the radical ideology of Iran’s urban intelligentsia who strove to become the vanguard of the country’s industrial working class and rural peasantry. Their new outlook was clear from Sorbonne educated Majlis deputy Iraj Iskandari’s address to the 1944 Party Congress in which he suggested that the Tudeh’s aim was to “unite the masses - the workers, the peasants, the traders, the craftsmen and the progressive intellectuals” and utilise their power in the “common struggle against imperialism, against absentee landlords, against exploiting capitalists, and against industrial robber barons.” Iranian historian Arvand Abrahamian suggests that the Tudeh identified the twin threats of capitalism and imperialism in an attempt to attract industrial workers who, largely for religious reasons, might otherwise disengage from communist associations. In 1942 the Tudeh’s elected Central Committee and its commissions contained thirty members, thirty of whom were middle class with just one working class representative. While industrial workers were courted by the Party there is little evidence to suggest that they had any influence over the Tudeh’s “upper echelons” or their direction.

The pattern of influence within the Tudeh is redolent of communist theorist and revolutionary Vladimir Lenin’s “emphasis on the consciousness of the intelligentsia rather than that of the masses.” Lenin believed “in the capacity of the masses to draw the right conclusions when prompted by experience” and, given that they were strongly influenced by Soviet ideology, it is unsurprising that Tudeh leaders adopted this model for mobilisation. According to sociologist Ernest Mandel using a “vanguard” organisational structure would also offer revolutionary forces “the highest level of consciousness possible, and the highest level of self-organization and self-activity.”

The Central Committee can be seen as the visible tip of the Tudeh iceberg with a large body of associated members, drawn from the labour movement, below the surface. The war years saw the revival in Iranian trade unionism following the lifting of a ban on workers organising into representative bodies. On May Day 1944, the Tudeh’s Council of United Workers merged with local workers’ bodies in Azerbaijan, Tehran and Kermanshah to form the Central Council of the Federated Trade Unions of Iranian Workers and Toilers. By late 1944 this body, thanks to a vigorous series of recruitment drives, allegedly had over 200,000 members, giving the Tudeh leadership a direct link to the working class support it craved.

329 Abrahamian, Between Two Revolutions, 61-69.
330 Iraj Iskandari, ‘Address to the First Party Congress’, Rasbah, 4 September 1944 quoted in ibid, 281.
331 Ibid., Chapter Seven ‘Class Basis of the Tudeh.’
334 These figures appear to be an exaggeration. Figures taken from both the British and American Governments suggest that the Tudeh did not reach their peak membership levels until summer 1946, at which point they had 100,000 active members. However, it should be noted that by this time the CCFTU had, according to Congressional reports, upwards of 355,000 members and exercised “effective control over labor in general.” Again, a Marxist-Leninist analysis can be applied to the Tudeh’s rise. As Jack Barbash suggests, in the Marxist analysis “trade unionism was an essential stage of development in the evolving socialist consciousness of the working class” and it was hoped that Iran’s trade union movement would serve as the foundation to the Tudeh becoming a powerful political force. Ibid, 326-352; United States Congress, Committee on Foreign Affairs, The Strategy and Tactics of World Communism (Washington, D.C., 1949), 7-9; John Le Rougetel to the Foreign Office, 8 October 1946, FO 371/52684 NA; Jack Barbash, ‘Theories of the Labour Movement in an Institutional Setting,’ Journal of Economic Issues 15, No. 2 (June, 1981), 300.
To make their appeal as broad as possible, the Tudeh took the decision to target individuals from across Iran’s religious spectrum, becoming the first party to do so. Their programme promised citizenship to non-Muslims and secular reforms to protect all faiths, from the Shia majority to Sunni Muslims, Jews and Christians. The party also made direct overtures to religious minorities by promising legislation to protect holy days. Thus, in October 1946, Ambassador John Le Rougetel reported, with an air of surprise and exhaustion, that the Tudeh were seeking to “revive the ancient Zoroastrian feast of Mehrgen” despite attaching no religious significance to the festival.335

As well as embracing minority religions, the Tudeh leadership’s commitment to ethnic diversity was clear. Of the fifteen members of the Provisional Central Council, elected in October 1942, eight were Persian, four were Azeri, two were Qajars and one was Armenian. However, it should be noted that two minorities were undoubtedly overrepresented in the Tudeh leadership structure. Azeri and other Turkic groups made up less than twenty-seven percent of the Iranian population, yet formed up to forty-three percent of the Party’s leadership. Similarly, Christians, who numbered less than one percent of the total population, formed between three and eight percent of the leadership, again reflecting the urban makeup of the group’s upper echelons.336 Although contemporary political commentator George Lenczowki argued that the overrepresentation of ethnic and religious minorities indicated the Tudeh’s position as a party of minority protest, his analysis fails to comprehend the largely Persian ethnic makeup of its affiliated trade unions or the emphasis the Tudeh placed on national liberation.337 Indeed, it also appears that British representatives in Iran failed to acknowledge this and instead treated the Tudeh as a pro-Soviet party of protest and a vehicle for workplace grievances. It is notable, for example, that the British Embassy’s labour attaché Kenneth J. Hird believed that the Tudeh gained popularity because it “gave coherence to workers’ grievances” and was supported by the “extreme left wing.”338

The Tudeh’s popularity grew exponentially throughout 1945 and 1946. During this period the Tudeh’s newspaper circulation had reached an all-time high of 120,000 and their support was solidified by the decision to embrace mass media as a means of spreading its message. Rasbah - the Party’s newspaper and de facto mouthpiece - was, by 1945 able to sell upwards of 100,000 copies per issue. While most newspapers operated within a single district or region, Rasbah was distributed nationwide, helping to entrench its image as a party of the nation as a whole. Rasbah was so popular that it employed over fifty anti-capitalist and anti-British journalists.339 The British Consul, Kerman reported that the Tudeh’s reach was so great that “at least seventy percent of the population who represent the working class have been affected.”340

335 Le Rougetel to Bevin, 8 October 1946, FO 248/1471 NA.
336 Abrahamian, Between Two Revolutions, 383 - 388.
339 Abrahamian, Between Two Revolutions, 301-2.
340 British Consul in Kerman, 15 August 1945, FO 371/45455 NA.
In Khuzistan, home to the AIOC’s Abadan Refinery, May Day 1946 saw some eighty-thousand workers march under the Tudeh standard.\textsuperscript{341} The Tudeh were, in the words of Labour MP Jack Jones, not only “intent on serious business”, but “an industrial force to be reckoned with.”\textsuperscript{342} The Tudeh’s power even extended to government officials. The British military attaché reported that “in the Caspian province all Persian officials from the Governor downward are under Tudeh supervision….In fact, the Tudeh can take over whenever it wished to do so.”\textsuperscript{343} In January, new Prime Minister Qavam recognised the Tudeh’s strength by inviting three of its leading members of join his Cabinet, releasing Party loyalists from prison and permitting mass rallies, previously banned by Hakimi.\textsuperscript{344} According to Le Rougetel, Qavam’s policy was self-defeating and offered the Tudeh undue power: “if he were to take [a] strong line against them, they would almost certainly retaliate by forcing him from office and replacing him with an out and out communist.”\textsuperscript{345} Fearful that confronting the Tudeh could lead to violence, and perhaps even revolution, the British government refrained from direct engagement and instead opted to monitor the situation from a distance.

In a sense the Tudeh’s rise can be seen as mirroring the wider zeal for Marxism across the developing world and the belief that it offered an ideological framework which was not only free from colonial dogma, but concurrent with nationalist awareness and independence. Although the Tudeh was able to galvanise support from across racial and class lines some in Iran, particularly religious conservative factions, were fiercely opposed to it. A particularly incendiary report from the conservative, and allegedly pro-British, \textit{Ra’ad-i Emruz} newspaper suggested that the Tudeh’s doctrine was “satanical”, sought to “violate sacred rights”, such as private property, and that the party was itself “an enemy of Islam.”\textsuperscript{346} Despite such criticism the Tudeh continued to prosper. Unlike its competitors it was not only highly organised, but widely perceived as being uncorrupt: a rarity in a state where “nothing could be done, but something could always be arranged.”\textsuperscript{347}

\textbf{Britain Responds}

Faced with limited organised opposition, the Tudeh’s influence reached its peak in the summer of 1946. In a message to the Foreign Office dated July 13, Ambassador Le Rougetel reported that a strike had begun in the Agha Jari oilfield, little over one hundred miles east of Abadan. Although it was one of many strikes that summer, it was the most violent with pickets organised not only to intimidate Anglo-Iranian Oil Company staff, but also to seize all means of transport and foreign property. The strikers’ zeal was clear and as they looted company buildings Le Rougetel was forced to admit that the “Tudeh ringleader was in complete

\textsuperscript{341} Abrahamian, \textit{Between Two Revolutions}, 303.


\textsuperscript{343} British Military Attache to the Foreign Office, 25 January 1946, FO 371/52710 NA.

\textsuperscript{344} Abrahamian, \textit{Between Two Revolutions}, 229.

\textsuperscript{345} \textit{Ibid.}, 237.


\textsuperscript{347} Sir Francis Shepherd, British Ambassador to Iran from 1950 to 1952, claimed that prewar \textit{charge d’affaires} to Tehran, Sir Harold Nicholson, had warned him of rife corruption in Iran, Sir Francis Shepherd, \textit{Never Trouble Trouble} (Unpublished autobiography, St. Antony’s College, Oxford), 45.
control.” The scale of the disturbances was vast, spreading for almost one hundred miles to Ahwaz. Here AIOC staff were again targets of assaults by members of the Provincial Workers Union, the trade union wing of the Tudeh. Previously the Tudeh had orchestrated strike action to close individual facilities for short periods of time, usually one day or less, however in this instance unrest spread rapidly and was sustained for over three days. With the threat of a general strike in Khuzistan looming, the Governor General declared a state of martial law and the Iranian Department of War despatched a battalion of soldiers and twenty-four trucks to quell the violence: resulting in a reported seventeen fatalities and upward of one hundred and fifty injuries. Having met with the Iranian Prime Minister, Le Rougetel reported that the Khuzistan strike was seen by the Iranian government as having “no industrial justification whatsoever” and was instead viewed as “a deliberate challenge to legally constituted authority.” Despite British fears of Soviet fifth-column tactics in Iran, the strikes were not seen as instigated by Moscow, but as a manifestation of discontent towards unfair working conditions, low pay and poor housing.

This view was shaped by two factors. First, this was the official position taken by the AIOC. Discussions between company officials and Iranian trade unionists had led to the conclusion that the strikers’ principal demand was “that the company should forthwith increase the wages of all workers by one-sixth to provide payment for the seventh [rest] day.” The AIOC also concluded that married workers earnings were insufficient to maintain a family, heightening their frustration and industrial militancy. The company’s focus on the issues of wages and welfare in isolation was clear in their correspondence with the British government. In a draft statement prepared for Prime Minister Clement Attlee by AIOC chairman Sir William Fraser and the Ministry of Fuel and Power, for example, special emphasis was given to the “completion of welfare and housing schemes” and raising living standards as a means of quelling unrest. Similarly, Fraser would, in an October report entitled ‘Social and Municipal Development Carried Out by the Anglo-Iranian Oil Company Ltd. in Abadan and the South Persian Oilfields’, go on to detail the material advances made by the AIOC since the end of the Second World War and argue that the company was something approaching the status of a model employer in the region, thereby invalidating the claims made by striking employees.

Second, and perhaps most important in shaping Britain’s position towards labour issues in Iran, were the findings of a parliamentary delegation despatched to Iran by Bevin to “inspect labour conditions in the

348 Le Rougetel to FO, ‘Strike of AIOC Employees at Agha Jari,’ 13 July 1946, FO 371/52719 NA.
349 Le Rougetel to Foreign Office, 15 July 1946, FO 371/52719 NA.
350 Le Rougetel to Foreign Office, 7 May 1946, FO 371/52713 NA.
351 Le Rougetel to Foreign Office, 16 July 1946, FO 371/52719 NA. Subsequently three Tudeh activists would be hung for planning an uprising and a further four sentenced to life imprisonment. Abrahamian, Between Two Revolutions, 305.
352 Le Rougetel to Foreign Office, 18 July 1946, FO 371/52720 NA.
353 ‘Joint Consultations Regarding the Strike Threat at Abadan’ enclosed in Le Rougetel to Bevin, 13 July 1946, FO 371/52720 NA.
354 Attlee Draft Statement on AIOC, 7 August 1946, FO 371/52722 NA.
355 Memorandum on AIOC Policy by AIOC Chairman Sir William Fraser, 11 October 1946, FO 371/52726 NA.
AIOC’s area.”356 The subsequent reports, drafted by MP’s Jack Jones, Frederick Lee and William N. Cuthbert following their June visit, provide something of an impartial analysis of the company’s labour practices and the political mood in the country more generally. They were also, given their wide circulation within the Foreign Office, clearly valued by Bevin as a vital source of information.

The delegation’s findings are revealing. In his report Jack Jones, Labour MP for Bolton and a veteran of the British trade union movement, focused on the “low order” housing of many AIOC employees, referring to their “cave-like existences in the hillsides.”357 Jones’ concerns towards housing provision were shared by the Conservative MP for Rye, Cuthbert, who argued that the provision of amenities “lagged behind” the AIOC’s pursuit of profit. That Cuthbert adopted this stance illustrates a cross-party recognition of the workers’ plight. Perceptively, Cuthbert also referenced the depth of feeling felt towards foreign intervention in Iran. For example, he stated that an “anti-British and anti-company attitude [was] shown by the great majority of the Persian employees” and suggested that the militant slogan ‘Persian Oil for the Persians’ demonstrated that Britain was facing more than an industrial problem, indeed, he argued that “there is something much more important behind it all.”358 Despite Cuthbert’s warning, the delegation’s final recommendations paid no heed to wider issues of oil ownership or the role of foreign companies and nations in Iran, but instead maintained focus on the need to “win over the Tudeh trade union officials to British ideas and to constitutional methods” and strengthening the central government’s authority over provincial areas.359

Given Bevin’s previously discussed background as one of Britain’s leading trade unionists, it is unsurprising that he sympathised with the notion that the strikes were a direct result of workplace grievances or that he was taken with the idea of incorporating the trade union movement into civil society as a means to prevent future unrest. Indeed, he had expressed an interest in such a policy little over a month before the Agha Jari strike began, suggesting that while civil unrest was “inevitably” the result of historical “anti-trade unionism” workplace activism could be constructively channelled into “local councils” to improve democratic representation.360 The Foreign Secretary envisaged a role for elements of the Tudeh within such a scheme, proposing, in a widely circulated Cabinet Paper that “it may prove possible to wean the Tudeh Party, or at least some parts of its adherents, from extremist or communist courses.”361 Although, in the short-term Bevin recommended that the AIOC undertake an advertising campaign “to draw public attention, both here and in Persia, to what you have done and are doing for your Persian employees” his long-term vision was more

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356 Foreign Office to British Embassy Tehran, 28 May 1946, FO 371/52714 NA.

357 Reports of Parliamentary Delegation to Persia, 3 July 1946, FO 371/52718 NA. Similar findings were made by Maitland, a forestry advisor reporting to the Development Division of the British Middle East Office. Upon visiting a settlement in Azerbaijan he reported that “the state of this village and its people leaves one sick at heart, both for what man has made of man here and for the state of the administration which allows so little to be done for so many.” Quoted in Kingston, *Britain and the Politics of Decolonization in the Middle East*, 70.

358 Ibid.

359 Ibid.

360 Bevin Minute, Paris, 23 June 1946, FO 371/52715 NA.

361 Ernest Bevin, Cabinet Paper, (prepared with Sir Orme Sargent), 11 July 1946, FO 371/52716 NA.
expansive and identified trade unionism as a vital tenet of Iranian civil society.\textsuperscript{362} It is notable that Bevin’s analysis did not acknowledge any nationalist or patriotic impulses within the Tudeh. In his mind its complaints related to workplace injustices and could be solved through collaboration with the labour movement.

The idea of enlarging the role of trade unions in Iranian society can be seen as a continuation of the domestic policies undertaken by Bevin while serving as Minister of Labour during the Second World War. Through the expansion of trade union membership and centralisation of labour, Bevin was able to undertake a process that historian Geoffrey Field suggests “amounted to civilian conscription.”\textsuperscript{363} The effect was striking in that it helped to formalise workplace discontent and establish a “wider consciousness of class... superimposed upon older loyalties.”\textsuperscript{364} If a similar process were undertaken in Iran, it was hoped that the working class would begin to take an active role in politics and help to ease the long-standing tribal and religious differences which had impinged on the country’s development.

Bevin identified the AIOC as the greatest obstacle to a viable Iranian trade union movement, reflecting his own apprehension towards the relationship between management and labour.\textsuperscript{365} Although the British Government had representatives on the AIOC board of directors “none of them has ever taken any interest in labour at all” and while the Tudeh, on the advice of Moscow, had adopted underhand tactics in Iran they had “been psychologically much wiser” in engendering a sense of ownership amongst workers.\textsuperscript{366} During a session of Parliamentary Questions, Bevin publicly hinted at the AIOC’s failures. Upon being asked whether he was “aware that the Anglo-Iranian Oil Company have the reputation of being the best employers in Persia” the Foreign Secretary cryptically replied that although he was “not prepared to say what is the best” he believed “in all companies in Persia there is room for improvement.”\textsuperscript{367}

Bevin’s belief that AIOC could do more to improve matters, particularly regarding labour relations, was reinforced by a report sent to him by the MP for Stoke, Ellis Smith, who, having discussed the matter with an anonymous friend (a former AIOC employee at Abadan, using the pseudonym ‘Joe’), suggested that AIOC leaders “had no experience at all of dealing with organised labour. The management is absolutely at sea in its efforts to deal with the problems now arising.”\textsuperscript{368} Bevin’s faith in this report is demonstrated by its circulation throughout the Foreign Office and Tehran Embassy. That such attention was given to a report that provided little concrete evidence suggests that he was willing to consider more deeply any evidence that bolstered his own outlook, rather than approaching it from an objective position.

\textsuperscript{362} R. S. Howe to Sir William Fraser (draft), enclosed in Pyman FO Minute, 19 April 1946, FO 371/52713 NA.

\textsuperscript{363} Field, \textit{Blood, Sweat and Toil}, 85.

\textsuperscript{364} \textit{Ibid.}, 80.

\textsuperscript{365} Bevin Minute, Paris, 23 June 1946, FO 371/52715 NA.

\textsuperscript{366} \textit{Ibid.}

\textsuperscript{367} Foreign Office to British Embassy Tehran, enc. ‘Parliamentary Questions 17 July 1946’ 17 July 1946, FO 371/52720 NA.

\textsuperscript{368} Ellis Smith MP to Bevin, 18 July 1946, FO 371/52722 NA.
The Foreign Secretary’s analysis was not, however, universally supported and came under particular scrutiny from Le Rougetel. Although unwilling to totally discount the importance of trade unionism to the Tudeh Party, Le Rougetel felt that the Tudeh exploited rather than reflected workers’ grievances and was “an integral part of the communist [Soviet] machine.” He also questioned whether Britain could win support from the trade union movement, suggesting “the prospect of detaching them [being] even more remote than that of concluding an ideological truce with the Soviet Union” and even that “it would almost certainly be impossible to do so.” The Ambassador felt that the Tudeh were part of a “deliberately planned political offensive, inspired and directed from abroad, and is being driven home by ruthless pressure upon all the weak spots, economic, social and political, of this backwards country.” However, although adamant that this was the case, Le Rougetel was unable to obtain “any evidence which I consider conclusive regarding relations between the Russians and the hard core of the Tudeh Party” that could be used to discredit the organisation. In part this was the result of the fluid nature of the relationship between the Soviet Union and Marxist groups in the developing world. Although often characterised as instigating and directing revolutionary action, the Soviet Union’s key role was as an inspiration to native forces, rather than as a guide.

Instead, the Ambassador proposed that Britain “foster the natural antipathy to communism of religious bodies, and encouraging [sic] the formation of a new progressive party on democratic lines if possible.” Le Rougetel’s suggestion highlights not only his belief that a modern civic society was achievable in Iran, but also a conviction that Tudeh-style Marxism was incompatible with Iran’s largely Islamic society. According to Abrahamian, for example, clerics across Iran identified Marxists as “kafr and blasphemers...by definition amoral, corrupt, sinful and wicked.” However, the Ambassador remained far from confident that this would succeed. Indeed, he went as far as recommending that alternative sources of oil be developed and that a strategy for Britain’s gradual withdrawal from Iran should be developed. Le Rougetel’s judgement was not made lightly. He not only recognised that “British prestige in the Middle East would be prejudiced” by this policy, but also that it could lead to the “extension of Soviet influence to the Persian Gulf.” That the Ambassador adopted this cautious stance indicates a nuanced understanding of the ongoing political situation in Iran. While his predecessor had been bullish in his dismissal of domestic unrest, Le Rougetel was steadfast in his opposition to complacency.

369 Pyman Minute ‘Situation in Persia,’ 8 July 1946, FO 371/52717 NA.
370 Le Rougetel to Foreign Office, 26 May 1946, FO 371/52713 NA.
371 Le Rougetel to Bevin, 1 July 1946, FO 371/52717 NA.
372 Le Rougetel to Foreign Office, 27 December 1946, FO 371/52710 NA.
373 Pyman Minute ‘Situation in Persia,’ 8 July 1946, FO 371/52717 NA.
374 Abrahamian, Iran: Between Two Revolutions, 469.
375 Le Rougetel to Bevin, 1 July 1946, FO 371/52717 NA.
376 Ibid.
Objection to Bevin’s outlook was also found within the Foreign Office itself. Like Le Rougetel, Permanent Under-Secretary of State, Sir Orme Sargent, was unconvinced that even fringe elements of the Tudeh could be co-opted into a British endorsed trade union system and instead argued in favour of policies to bolster the government’s strength in conjunction with rigorous anticommunist and anti-Soviet propaganda. Sargent’s assessment offers further evidence that Bevin’s analysis of the Tudeh was unduly influenced by his own bias and misunderstood the inherently anti-capitalist, and indeed anti-British, nature of the organisation. He also suggested that should the Tudeh gain further political traction it would be “desirable to investigate the possibility of encouraging any demands from the people of southwest Persia for provincial autonomy” and the creation of a client state, friendly to British interests. Allied to this was a proposal to “flood” Iran with Commonwealth labour, reducing the Tudeh’s influence over oil production and refinement and providing a ready source of workers without representation.

Although Sargent’s suggestions won some tentative support from within the AIOC, it proved at odds with the ongoing metropolitan vogue for economic development and political reform in the empire. While Sargent justified his recommendations by suggesting that Iran was drifting towards “a return to 1907...quite regardless of our policy” Bevin remained adamant that he would not preside over the dissolution of Iran as a single, sovereign entity.” Similarly, the Under-Secretary’s Commonwealth labour scheme was dismissed out of hand. Although labourers from formal British dominions, particularly India, had long been a fixture of AIOC operations in Iran there were no guarantees that large enough numbers could be raised with the skills required to maintain oil production and refinement levels. Furthermore, fears existed that foreign labourers were themselves susceptible to communist infiltration with the Communist Party of India identified as seeking to create “discord” and build links with the Tudeh. Finally, and perhaps most importantly, Bevin refused to endorse Sargent’s bleak analysis of the Tudeh Party and instead reiterated his belief that “the way to tackle this problem is vigorous application by the company of their social programme and greater consultation with their work people, and the building up within the undertaking itself of human relationships with the actual men, not on a feudal basis but with the appreciation that all over the world the sense of equality is rapidly developing.” This statement again demonstrates Bevin’s strength of feeling and determination to put a highly personal stamp on Anglo-Iranian relations. It may also be seen as evidence to support TUC General Secretary Walter Citrine’s impression that Bevin “personalised almost everything” and styled himself as the voice of the working class, regardless of the situation.

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377 Sir Orme Sargent Minute, 20 June 1946, FO 371/52715 NA.

378 Sargent’s proposals were not fully formed, but seem to rather based on the assumption that the AIOC’s preexisting Commonwealth labour pool could be rapidly expanded. Sargent to Bevin, 26 June 1946, FO 371/52715 NA.

379 In 1907 the Anglo-Russian Entente was signed, formalising British and Russian spheres of influence in Persia and Central Asia. Having divided Persia, each nation sought to consolidate its control by instituting puppet governments. The Entente’s terms became irrelevant after the 1917 Russian Revolution, after which Britain became the sole foreign power active in Iran. Ibid.

380 Consul at Khorramshahar to British Embassy, Tehran, 10 August 1946, FO 371/52723 NA.

381 Bevin Minute, Paris, 23 June 1946, FO 371/52715 NA.

Le Rougetel’s suggestion that trade unionism in Iran served as a vehicle for the Tudeh’s activities was given added legitimacy following the publication of the World Federation of Trade Unions’ (WFTU) report on conditions there. In November 1946, the TUC informed the Foreign Office that they had received contact from Tudeh founder and leader Reza Roustel, requesting an independent assessment of the AIOC’s treatment of trade unionists. In particular, Roustel stressed that the company had “turned out over 5,000 workers without cause” and “acted in a way detrimental to the interests of trade union organisations in Iran.”

Although the Foreign Office felt that “these telegrams are clearly part of the Tudeh campaign to discredit the Persian Government” and rejected Roustel’s claim that 5,000 workers had their contracts terminated, support was given to an independent assessment of Iranian labour conditions, to be carried out by a WFTU delegation.

The Federation’s initial report was a damning indictment of British mismanagement and railed against the state sponsored unions that workers were “forced” to join. The Oil Workers’ Union based at Abadan came in for particular criticism, and it was suggested that the AIOC was actively seeking to control and suppress the free organisation of workers there. The report also reinforced criticism of British power over the Iranian government and suggested that, despite his rhetoric, Qavam faced the same pressure from London as his predecessors. However, although the WFTU claimed to be an independent arbitrator, this does not seem to entirely be the case. British delegate and TUC organiser Edgar P. Harries refused to sign the report and suggested that “there is no doubt in my mind that the Tudeh Party and Federation of Trade Unions of Iran were one and the same body.” Harries was particularly critical of the data gathering process and suggested that the “delegation [had] interviewed only Tudeh supporters.” Additionally, and perhaps most importantly, Harries identified collusion between the other delegates and efforts on their part to politicise the investigation. Not only did Roustel hold private meetings with the Soviet delegate Borisov, but these took place in the Soviet Embassy and no minutes were made available. Finally, El Aris, the Lebanese chair of the delegation, publicly railed against the Iranian government and openly offered his support to the Tudeh.

Upon his return to Britain, Harries met with Hector McNeil, a trusted advisor of Bevin’s, who reported that Harries had the “utmost difficulty” in persuading other delegate member to “have any regard at all for trade union matters and the worker’s welfare” and that “the Soviet and Lebanese delegates had definite instructions from Moscow to improve the position of the Tudeh and to consolidate and enhance the power of

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383 Under-Secretary of the Trade Unions Congress to Under-Secretary of State, 5 November 1946 FO 371/52736 NA.
384 Foreign Office to TUC General Secretary, 18 December 1946, FO 248/1471 NA.
385 Le Rougetel to Bevin, 24 April 1947, Enc. Report by the President of the WFTU Delegation (undated) FO 248/1477 NA.
386 Ibid.
387 Ibid.
388 Le Rougetel to FO, 14 April 1947 FO 371/61993 NA.
389 Le Rougetel to FO, 14 April 1947 & Le Rougetel to FO, 23 April 1947, FO 371/61993 NA.
Reza Roustel, the secretary and driving force of the Tudeh.” Harries’ description of the Iranians as “excitable eastern people” suggests that like Bullard and others he perceived them through an orientalist lens. In turn, their naivety made Iran “the perfect Marxist text book case for a revolution” and an area where the Soviet Union could “engineer” an advantage.

Like Sargent, Harries was convinced that the Iranian trade unionism was largely a front for the Tudeh and a threat to British interests in the Persian Gulf. This in turn provides further support to suggest that Bevin’s analysis of the Iranian trade union movement was incorrect and based solely on his own experience and bias. Despite reports to the contrary from the Iranian Embassy, various consuls and intercepted material from within the Tudeh itself, he remained adamant that pay and conditions, and not ideology, were the most vital matters at hand and that with British guidance the anger expressed by Iranian trade unionists could be directed in a positive manner.

**Trade Unionism as an Expression of Nationalism**

Although the Foreign Office and British Embassy in Tehran saw workers’ rights and Soviet intrigue as the primary, and secondary, forces behind the Tudeh Party and associated groups, a third factor was present, but repeatedly ignored: nationalism. Ernest Gellner defines nationalism as “the dignity and self-respect arising from the elimination of ‘second - or nth class citizenship’ and the joys of liberated peoples enjoy from not being ‘bossed and knocked about by others with whom they cannot or are not allowed to identify’ and being bossed and knocked about by ‘their own’ people instead.” Nationalism in Gellner’s view is not solely based on shared ethnicity, language or culture and the Tudeh’s approach clearly demonstrated this.

Tudeh propaganda and inter-party discourse demonstrated a firm commitment to nationalist goals and the development of Iran free from foreign influence. For example, an undated Tudeh Party declaration sent to the Foreign Office in December 1946 used strikingly patriotic language, referring to readers not only as “comrades”, but also as “countrymen.” This document paints a stark portrait of Iranian leaders as collaborating with foreign enemies who were conspiring to divide the country. In comparison, the “workers of the Tudeh Party [were] devoid of everything, but patriotism”, “the best guarantee of national unity” and “the most patriotic individuals.” Although tinged with the language of class consciousness, i.e. references to the “landowners” and “foreign capitalists”, the declaration also had broad appeal and ended with a patriotic call to arms: “long live the liberty, integrity and independence of Persia!”

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391 Le Rougetel to Bevin, 24 April 1947, Enc. ‘Report by the President of the WFTU Delegation’ (undated) FO 248/1477 NA.
394 Declaration of the Tudeh Party Central Committee, undated, FO 248/1471 NA.
It is notable that the language used by the Tudeh makes no reference to religious, class or even tribal differences within the organisation or the country more generally, but instead establishes a degree of homogeneity between them with the British cast in the role of the other. Political theorist Katherine Verdery argues that “nationalism is a quintessentially homogenizing, differentiating or classifying discourse: one that aims its appeal at people presumed to have certain things in common as against people thought not to have any mutual connections.” Thus, while the Tudeh comprised Muslims and Christians, Azeris and Tehranis, a unifying bond was created through differentiation against Britain as a markedly foreign adversary. What Ernest Gellner refers to as nationalism’s “the objective need for homogeneity” is also fulfilled by the Tudeh’s discourse. Gellner argues that nationalism was a “yearning for incorporation” as disparate groups came together to demand “full cultural citizenship.” The Tudeh’s rhetoric clearly illustrate a goal of “national unity” and sense that the rights of Iranian citizens could only be obtained through independence.

Despite the sophistication of expression outlined above, the British response was generally to ignore its underlying nationalist tone.

The Tudeh’s success in developing mass support from a small, intellectual and cosmopolitan vanguard follows the model Czech social scientist Karl Deutsch referred to as “social mobilization.” For Deutsch the integration of new groups, such as religious minorities or workers who had previously lacked outlets for political expression, into extensive networks of communications, including the media, expands their horizons and enables them to better understand the influence they can wield as part of a mass movement. Social mobilization is not a uniform process, but rather one in which “major clusters of old social, economic and psychological commitments are eroded or broken down”, their membership fluctuating as some are drawn in while others are ignored. Thus in Iran while trade unionists from the industrial sector were drawn into the Tudeh’s ranks, amongst the rural and religious peasantry this, largely, did not take place. Those working in industrial centers benefitted from better organisation and communication networks which simply could not exist in the backwaters of, for example, northeastern Iran.

395 Katherine Verdery, ‘Whither “Nation” and “Nationalism,”’ Daedalus 122, No. 3 (Summer, 1993), 38.
397 Ibid.
398 Declaration of the Tudeh Party Central Committee, undated, FO 248/1471 NA.
399 Karl Deutsch, ‘Social Mobilization and Political Development’ American Political Science Review 75 (Sept, 1961).
401 Ronald Inglehart identifies social mobilization as “a vertical dimension of political integration: the incorporation of a formerly submerged strata into the political community.” This does not guarantee an awakening of class or political consciousness, but rather provides opportunities for it where the right conditions i.e. communication networks, exist and can be accessed. Meanwhile Michael C. Hudson suggests that “different levels, rates and patterns of social mobilization” have innately different outcomes depending not only on the strength of force behind social mobilization itself, but also the weight of opposition it faces from preexisting power structures, such as the state. As will be demonstrated below, social mobilization in this instance was halted when the driving force behind it - the Tudeh and associated trade union movement - were co-opted by the state and the AIOC, leaving few identifiable outlets for political pressure. Ronald Inglehart, ‘Cognitive Mobilization and European Identity’ Comparative Politics 3, 1 (Oct, 1970), 45; Michael C. Hudson, ‘A Case of Political Underdevelopment’ The Journal of Politics 29, No. 4 (Nov, 1967), 822.
402 As will be noted in chapter four the process of social mobilization and political awakening was ongoing in Iran. Although the Tudeh Party failed, the nationalist instincts which prove it would manifest themselves again, most notably in the form of the National Front from 1949 onwards.
The Tudeh declaration outlined above was widely circulated and, according to Le Rougetel, supported by media appearances from Tudeh leaders.\textsuperscript{403} However, it was not an isolated statement, but rather a part of a wider ideological continuum and a reflection of Tudeh ideology more generally.\textsuperscript{404} Telegrams between Tudeh operatives intercepted by British Embassy and consular staff reveal that anti-imperialism, often expressed through anti-British and anti-AIOC sentiments, was central to Tudeh discourse. In a telegram to the United Council of Representatives, Tudeh Youth Organisation members Ghulam Ali Muradi and Mahmud Karduani suggested that “only by the dismissal of Misbah Fatimi (Governor General of Khuzistan), the open agent of the AIOC, and the dissolution of the AIOC’s political machinery, can the public and the workers have faith in the government.” Similarly in a telegram circulated amongst the Tudeh leadership Mirdi Hasim Najafi and Husain Tarbait stressed that Iranian workers were “puppets in the hands of the imperialists” before condemning the Company for its role in exacerbating tribal unrest for their own economic ends and demanding that “the Jeacocks, the Granvilles, Underwoods and Temples” be “banished” from Iran.\textsuperscript{405} Nationalist sentiments were also indirectly communicated to the British government. For example, in a letter to the Trade Union Congress, Roustel argued that organised workers were suffering “under pressure of imperialist and Anglo-Iranian Oil Company agents” and that the British government was taking steps to hinder the progress of organised labour there.\textsuperscript{406}

Iranian news reports of the July strike clearly indicate a domestic belief that the Tudeh was at least in part driven by nationalism. Unsurprisingly Tudeh operated newspapers including Shazbar and Rahbar accused the AIOC of “organised terrorism” and suggested that the strike was the natural reaction of corporate and imperial aggression. However, these sentiments, though perhaps expressed somewhat less vehemently, were also clear in reports from the non-Tudeh press, whatever its political hue. For example, left-wing newspaper Dad suggested that the strike was the natural reaction to the AIOC’s political meddling and “declared that the company influenced government officials to oppress the workers’ movement.” Similarly, Darya, a newspaper referred to by the British Embassy as of the “moderate left” referred to the strike as a reaction to British efforts to partition Iran and a demonstration of workers’ patriotism. Centrist newspaper Qiyam-e-Iran was no less scathing in its condemnation of British policy and suggested that London was “continuing her war against Hitler for the domination of the world.” Finally, even Mihan, generally seen as a conservative and even pro-British newspaper, suggested that striking workers’ demands were legitimate and that steps needed to be taken to maintain Iranian independence and territorial integrity. Tellingly, in a report prepared by the British Embassy, Tehran just a single paper, Foruhar, blamed Tudeh intrigue for the strike.\textsuperscript{407} Despite this wealth of evidence, little credence was given to the idea that the Tudeh’s popularity was the result of its

\textsuperscript{403} Le Rougetel to Foreign Office, 19 December 1946, FO 348/1471 NA.

\textsuperscript{404} As early as 28 February 1944, Rasbar (one of the Tudeh’s most popular newspapers) carried promises that the Party would “defend to the utmost, the independence of Iran and the integrity of its soil.” Quoted in Fawcett, \textit{Iran and the Cold War}, 41.


\textsuperscript{406} Under-Secretary of the TUC to Under-Secretary of State, FO, 5 November 1946, FO 371/52721 NA.

\textsuperscript{407} Tehran to Foreign Office, ‘Iranian Press Comments on the AIOC strikes’ 24 July 1946, FO 371/52721 NA.
nationalism. Instead British leaders persisted with their fixed view that minor questions of workplace grievances, rather than industrial ownership, were the source of labour militancy.

In his study of labour and decolonisation, *Decolonization and African Society*, Frederick Cooper suggests that at a time when the metropole “needed the imperial economy more than ever” colonial authorities found “that they were facing not just a long-run problem of directed social change, but an immediate question of control.” In Iran similar problems were apparent, although the impulses driving them were largely misinterpreted and misunderstood for two reasons. First, perceived cultural backwardness exacerbated misunderstanding. In British Africa, as in Iran, little consideration was given to the idea that striking workers were protesting against anything other than their immediate pay and working conditions, despite evidence to the contrary. While trade unions were a form of social organisation that British leaders could recognise and understand, little effort was made to comprehend the impulses which drove their formation in Iran. Cooper describes British thinking as “brittle….caught in the same contradiction between a universalistic conception of human progress and a fear that African society was ill-equipped to partake in it.” A similar parallel can be drawn in Iran where even figures with left-wing and somewhat internationalist sympathies, such as Harries, identified its people as “excitable” and in need of British guidance.

Although the idea of creating an Iranian civil society was embraced in London, where it was widely believed that the “docile and submissive” Iranians would be unable to achieve stability without British support, it was not warmly embraced amongst the Iranian people. Given that domestic unrest was itself partly a response to foreign interventionism, it helped to reinforce Iranian suspicion of British intentions and exacerbate legitimate fears that Iran could be relegated to a colonial outpost. It seems that Ernest Bevin either fundamentally misunderstood, or even willfully ignored this information. Bevin, a staunch believer in the universal necessity of national trade union movements, found himself confined by his own bias and experience and unable to comprehend that strike action could be related to anything other than the conditions of working men. While the Iranian trade union movement was an outlet for nationalist sentiments this went unrecognised in London and as a result resources were misdirected and inappropriate policies implemented.

The misdirection of British policy also raised questions as to the viability of Anglo-Iranian relations. London’s importance was increasingly being called into question by nationalist unrest, and yet no thorough analysis of this phenomenon was undertaken by the Foreign Office or the Anglo-Iranian Oil Company. That the two main agents of British policy showed such limited interest in engagement underlines the potential for further discord. It seems that Britain’s position in Iran was taken for granted with their informal power an

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408 Cooper, *Decolonization and African Society*, 261.
409 Ibid., 204; Parallels between Bevin’s goal of remodeling Iranian society can also be made with the Colonial Office’s plans in Africa. Creech Jones argued that: “The fundamental objectives in Africa are to further the emergence of large-scale societies, integrated from self-improvement but with effective and democratic political and economic institutions, both national and local, inspired by a common faith in progress and Western values and equipped with efficient techniques of production and betterment.” Quoted in Hyam, *Britain’s Declining Empire*, 162.
410 Le Rougetel to Bevin, 24 April 1947, Enc. ‘Report by the President of the WFTU Delegation’ (undated) FO 248/1477 NA.
411 Le Rougetel to Bevin, 18 June 1946, enc. despatch from His Majesty’s Consul-General at Ahwaz regarding the visit to Ahwaz of three Members of Parliament (11 June 1946), FÓ 371/52716 NA.
assumed norm. At the end of 1947 Britain remained the foremost foreign power in Iran, but with the benefit of hindsight it is clear that this position was not guaranteed and that a new, more thoughtful policy was required.

**Conclusion**

At the end of the Second World War Britain was faced with what Keynes referred to as “a financial Dunkirk.”⁴¹² The Attlee government looked to its empire, formally controlled or otherwise, in the hope that it would provide the materials necessary to revive Britain’s fortunes and maintain their country’s great power status.

In Iran, the Azerbaijan crisis and the rise of the Tudeh posed clear threats to this process and to British prosperity in the country more generally. However, division existed as to how to respond to them, not least between Foreign Secretary Ernest Bevin and Ambassador Reader Bullard. While the former’s approach can be seen as idealistic, if not naive, and lacking in understanding of local issues, the latter was cynical and unwilling to move beyond an outmoded, orientalist vision of Iranian society. Moreover, both outlooks suffered from an inability and, perhaps even, unwillingness to understand the complaints of the Iranian people: mirroring wider patterns within the British imperial system. While Iranian nationalism was a complex, modern ideology with support from a sizable base, the Foreign Office refused to perceive it in these terms and instead identified trade unionism as symptomatic of poor conditions, rather than a call for sovereignty.

The division between metropolitan policy makers and those operating at the peripheries of the empire meant that by late-1946 British policy was disorganised and in need of revision. As will be seen in the next chapter, revitalisation came in the form not only of development projects, but of the suppression of the more militant aspects of trade unionism and a concerted attempt to introduce new, state mandated labour organisations modeled along European lines. While this dealt with the immediate threat posed by the Tudeh it did little to fundamentally alter the radical germ of nationalism which was developing in Iran.

⁴¹²Hyam, Britain's Declining Empire, 130.
Chapter III, Metropolitan and Peripheral Discord: The Attlee Government, Iranian Development and the Supplemental Concession Agreement

As the previous chapter demonstrated, the Attlee government increasingly saw itself as responsible for shaping Iranian civic society and improving the country’s standard of living. Although both the Foreign Office and Ministry of Fuel and Power stressed that the AIOC would not make up any shortfalls in Iranian development funds, plans to improve conditions and worker’s representation in the company’s facilities continued.\(^\text{413}\)

However, as this chapter will demonstrate, these plans were made without consulting the Iranian people and failed to understand or address the emerging nationalist force. A second major problem was that the Foreign Office’s development goals were not shared by the AIOC, leading to rifts between them and stymying the successful implementation of policy. Additionally, Britain’s economic position was in an increasingly perilous state, leading to pressure from the Treasury to abandon development plans and focus on increasing the profitability of Iranian oil. Furthermore, these issues were played out against a backdrop of negotiations between the AIOC and the Iranian government on the terms of a new ‘Supplemental Agreement’ to change the terms of 1933 Anglo-Iranian Oil Concession.

The cumulative effect was a steady rise in popular unrest in Iran and a groundswell of nationalist sentiment. This chapter will chart Britain’s efforts to contain this and in doing so highlight how their policies failed, allowing nationalism to blossom. It will also illustrate the difficulties of managing the informal empire and suggest that British policy, though well intentioned, lacked the long term goals, proper management and sustained collaboration needed to make it a success.

Crisis and Development in Iran

To reduce the long term threat of communism and safeguard the AIOC’s monopoly over Iranian oil, Anglo-Iranian relations were reorientated in two ways. First, measures were taken to formalise corporate and government control over the Iranian trade union movement, codifying and shaping it to prevent Tudeh exploitation. Second, schemes to improve conditions in AIOC facilities and material benefits were introduced as a sop to discontented employees and a demonstration of corporate benevolence. This section will analyse and discuss these policies and suggest that they largely failed in their objectives. Instead of increasing political participation, control over the trade union movement hindered it, and while plans for housing and social development were grand, they were largely ill-conceived and lacked a clear path to implementation. Complementing these failures was the continuation of Britain’s domineering and condescending attitude towards the Iranian government and people, as well as a failure to recognise the potential of domestic led development.

Trade Unionism

By the summer of 1946, thanks to a rigorous propaganda campaign, the Tudeh’s numbers had swelled to approximately 100,000, half of whom Abrahamian identifies as “active.” Buoyed by greater support, strikes became commonplace, including a picket involving sixty-five thousand workers at Agha Jari in Khuzistan province: the central hub of oil production and home of the Abadan refinery. The strikes were far from peaceful affairs with looting, arson and violence commonplace. As previously noted, the Agha Jari strike, driven by what the AIOC’s Political Advisor Sir John Underwood termed “hot headed Tudeh leaders”, lasted for three days and saw 165 people injured and 50 killed as pickets clashed with Iranian gendarmerie. The anti-foreign rhetoric so often employed by Tudeh propaganda had manifested itself in a haze of violence which risked destabilising the very basis of British power in Iran. Commenting on the root of this disorder, Ladjervardi places blame firmly on Underwood, whose “provocative actions” led to conflict between the strikers and the military. While it should be noted that there are no British sources to corroborate these accusations of collusion between the company and Iranian security forces, the idea that the AIOC were able to exercise such influence adds to a wider narrative regarding the perceived depth of their strength in Iran.

The first official step towards suppressing the Tudeh was a naval show of strength and the dispatch of HMS Wild Goose and Norfolk to Iranian waters. This act was taken unilaterally by the British government and described by Foreign Minister Hossein Navab as “unfriendly.” Subsequently Force 401, roughly 15,000 Indian soldiers, was dispatched to Basra, Iraq, alongside a warning that should a threat “to her interests in Iran” emerge they would be authorised to cross the border without giving notice to the Iranian government. The single-minded nature of what historian Paul W. T. Kingston calls “classic gunboat diplomacy” illustrates the value of Britain’s informal power in Iran and their lack of faith in the Iranian government to maintain order alone. That these forces were dispatched at a time of demobilisation and increasingly tight fiscal constraints reinforces this notion.

Iranian action to quell the ongoing violence took the form of a declaration of martial law and arrest warrants being issued for the Tudeh’s leaders and sympathisers. Although Qavam stopped short of banning the

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414 Abrahamian suggests that although the Tudeh claimed associated membership levels of up to 355,000, there is little to no evidence to substantiate these figures. Abrahamian, Iran Between Two Revolutions, 303.

415 Note: In 1946 Khuzistan had the capacity to produce approximately 20 million tons of oil. The Anglo-Iranian Oil Company in Iran (London, 1947), 3.

416 Underwood Memorandum, 27 May 1946, quoted in Ladjervardi, Labour Unions and Autocracy, 130; Report by the United States Military Attaché in Tehran, 23 July 1946, RG 319/291706 NARA.

417 Ladjervardi, Labour Unions and Autocracy, 130.

418 Le Rougetel to FO, 17 July 1946, FO 371/52719 NA.

419 Chiefs of Staff Committee: South Persia - Outline Plan, 23 July 1946, FO 371/52721 NA; Williams Memorandum, 3 September 1946, RG84/2256, quoted in Ladjevardi, Labor Unions, 141.

420 Kingston, Britain and the Politics of Modernisation in the Middle East, 70.

421 Le Rougetel to FO, 15 July 1946, FO 371/52719 NA.
Tudeh completely, his decision to have its leaders arrested effectively ended its viability as a political force. With no leadership structure in place internal division became rife and local groupings began to tear apart as their remaining members vied for power. As Abrahamian points out, of the reconvened seven member Central Committee four were forced to flee the country while two faced accusations of internal sabotage for their alleged links with the Democratic Party.422

The trade union movement that the Tudeh relied upon so greatly also fell into disarray, again characterised by infighting.423 With the Iranian police and army given new powers of “expulsion” over “agitators”, trade union leaders were forced into hiding.424 The stratified nature of trade unionism in Iran was such that without clear and identifiable figureheads to rally around their ability to organise was almost nonexistent. The Tudeh’s collapse was so sudden that within a matter of weeks Le Rougetel felt confident enough to declare: “in the province of Khuzistan most of the party’s agitators have for the time being been banished or shut up and martial law has imposed severe restrictions on part activities of all kinds.”425 Although the violence that had typified the Tudeh’s rise had been quelled, questions lingered as to how to deal with the sentiments which had underwritten its development. Central to British thinking on this was matter was whether it was possible to harness the positive aspects of trade unionism while simultaneously rooting out the last vestiges of nationalism?

As Iranian scholar Habib Ladjevardi has suggested, few within the British Government or the AIOC relished the thought of direct negotiations with communist controlled or inspired groups, even if they recognised the value of greater communication between workers and management.426 The report presented to Bevin by Jack Jones MP following his visit to Iran in June 1946, for example, stressed the necessity of improving relations between the AIOC’s leadership and staff, and providing viable outlets for the expression of dissatisfaction towards working and living conditions. The most obvious outlet to do so would be through reformed trade unions, action that greatly appealed to Bevin.427 It may be argued that the Foreign Secretary’s desire to channel the anger and energy that had accompanied the Tudeh into constructive “local councils” was founded on his personal bias and limited worldview, certainly there appears to have been little internal discussions on this matter within the Foreign Office.428 Rather, the goal of changing the dynamics of Iranian trade unions and the introduction of more palatable and democratic unions modeled along European lines was accepted simply as a natural course of action. In doing so independent regional unions, such as the Provincial United Council of the Trade Union of Workers and Toilers of Khuzestan (KUC) based largely at

422 Abrahamian, Iran Between Two Revolutions, 305-308.
423 Ibid.
424 Le Rougetel to FO, 15 July 1946, FO 371/52719 NA.
425 Le Rougetel to Bevin, 8 October 1946, FO 248/1471 NA.
426 Ladjevardi, Labor Unions and Autocracy in Iran, 117.
427 Field, Blood, Sweat and Toil, 81.
428 William Roger Louis notes a similar attitude towards communism in Iraq, suggesting that the “confused nature of the protests” and “genuine Arab anxiety about developments in Palestine” had a marked effect upon how Britain perceived civic unrest there. Louis, British Empire in the Middle East, 340-341; Bevin Minute, Paris, 23 June 1946, FO 371/52715 NA; Ernest Bevin, Cabinet Paper, (prepared with Sir Orme Sargent), 11 July 1946, FO 371/52716 NA.
Abadan, would be dispensed with in favour of industry specific, nationwide unions with strong links to the central government and supported by a network of “factory councils.” This would, theoretically, promote pride amongst workers in their industry and help to ease communications between workers and managers.

This preference for single unions parallels the pattern of union creation in Africa identified by Paul Kelemen. Kelemen argues that the Labour Party, on the advice of the Trade Union Congress, favoured the creation of industry specific trade unions as a means of encouraging better relations between employees and management. The similarities between these policies can be interpreted as illustrating the lack of importance placed on local circumstances within the Foreign Office and an overarching belief that trade unionism could only successfully operate when built along European lines. The adoption of this policy indicates the threat posed by Tudeh and its associated trade union movement, but also the hope that new unions could produce a sense of solidarity amongst Iran’s workers. It is notable, however, that the sense of nationhood fostered by the Tudeh was largely ignored, suggesting that the Iranians were seen as incapable of grasping these concepts without guidance and certainly unable to express them through political parties, trade unions or other caucuses.

Kelemen’s analysis ties into, former Conservative Secretary of State for the Colonies, Oliver Stanley’s suggestion that trade unionism was not simply a matter of workplace representation, but a vital aspect of colonial “education” and movement towards a modern, civil society. Although a sizable proportion of Iran’s population had undergone a transformative process of social mobilisation this had gone unrecognised and British policy remained based on theories that were no longer applicable to the actual situation in Iran. The parallels between Stanley’s outlook and that of the Labour government suggest that critical thinking on matters related to trade unionism and nationalism had progressed very little following the latter’s election in 1945 and indicate the depths to which they permeated British society.

With the Tudeh backed union leaders imprisoned and a vision for trade union reform in place, Le Rougetel suggested that “no time should be lost in setting up regular machinery for consultation between the management of the AIOC and their staff and labour” and that steps should be taken to set up factory councils and encourage “senior and junior Persian staff to form their own trade unions.” Following the British Embassy’s advice, the AIOC appointed an industrial relations advisor, A. C. V. Lindon, and entered into talks with trusted employees to establish what they referred to as a “legitimate” organisation. The trade union envisaged by the AIOC would be “a channel for industrial relations between management and labour” and a means of restoring “a sense of personal liberty amongst labour.” However, although ostensibly a forum for

429 Ladjervardi, *Labour Unions and Autocracy*, 122-123; Le Rougetel to Foreign Office, 6 January 1947, FO 371/61984 NA.
431 That Stanley, a Conservative Minister, identified trade unionism as a means of achieving modernism suggests a degree of consensus across the political spectrum. That this idea was the norm in Britain can help to explain the Foreign Office’s inability to change course as success was found wanting. *Ibid.*, 226.
432 Le Rougetel to Bevin, ‘General Appreciations/Recommendations’ 1 July 1946, T 236/220 NA.
433 Report up to Noon, 25 July 1947, FO 248/1475 NA.
workers, the union would also act as a “firm authority” and a bulwark against the spread of Tudeh propaganda.434 While small, regional unions were difficult to monitor and infiltrate, the new national entities would be structured to ensure transparency and enable the British government and AIOC to influence proceedings where necessary. AIOC chairman Sir William Fraser, for example, noted that through “properly accredited leadership” the British would be able to prevent militancy amongst the workforce.435

The domineering attitude taken by the British Government and the AIOC towards Iranian trade unionists is indicative of their attitudes towards the Iranians more generally. As W. N. Cuthbert stated during his visit to Iran, “the Persians” were not “morally sound enough” to establish the institutes of a democratic state.436 The image of the Iranians as without agency seems to be entrenched in discussions surrounding trade union reform, the underlying assumption being that without Britain’s guiding hands the labour movement would be hijacked and exploited by a minority of extremists. Reporting on the AIOC’s efforts to support trade unions, spokesman E. H. O. Elkington demonstrates this, suggesting that “all efforts to induce labour to organise itself...have met with little or no response” and that the workers were “confused” by the notion of trade unionism itself.437 Elkington also stated that “time and firm authority” was needed to “restore a sense of personal liberty amongst labour” with the AIOC, and not an Iranian organisation, best placed to oversee this.438

During discussions between AIOC employees and leaders, Mostafa Fateh, a distribution manager, proposed the creation of the Oil Workers’ Union (OWU), “a new union opposed to the Tudeh”, the legislative body of which was established in January 1947.439 Although OWU was set up only “after obtaining official permission” from the company, efforts were made to publicly distance the union from the AIOC leadership, thereby increasing the workers’ sense of ownership over it and encouraging membership from staff members who might be suspicious of the firm’s intentions.440 Despite these efforts the OWU’s leadership did little to hide their pro-company sentiments and actively encouraged the depoliticisation of Iranian trade unionism. In one case, OWU members were told that “this new union of ours has nothing to do with politics. It is simply for the welfare of the workers. Do not abuse the government and the company which are always working for your welfare...the government has the right to imprison anyone abusing peaceful citizens of government

434 Note: collaboration between the British Embassy, Tehran and the AIOC in this manner was a rare occurrence. Despite being the key to Britain’s strength in Iran, the AIOC was often unrestrained and generally pursued an independent policy. It is noticeable that records of communication between Le Rougetel and the AIOC’s leaders are few in numbers with the bulk of their interaction seemingly coming through ad hoc meetings, usually organised in times of some crisis. It is noteworthy that there is no evidence of Foreign Office officials working to correct this. E. H. O. Elkington, AIOC, London, to E. A. Berthoud, Ministry of Fuel and Power, 29 October 1946, FO 371/52726.

435 Sir William Fraser, ‘Social and Municipal Development Carried Out by the Anglo-Iranian Oil Company, Limited, in Abadan and the South Persian Oilfields,’ 11 October 1946, FO 371/52726 NA.

436 ‘Reports of Parliamentary Delegation to Persia’; 3 July 1946, FO 371/52718 NA.


438 Ibid.

439 Report up to Noon, 25 July 1947, FO 248/1475 NA.

440 Report up to Noon, 26 January 1947, FO 248/1475 NA.
The Iranian government not only allowed the OWU to bypass new trade union registration processes, but offered approval of their activities. In February 1947, for example, the Ministry of Labour and Information issued orders that “any application for registration by the Trade Union of Oil Workers should be accepted immediately.” Such efforts did not go unnoticed by employees and OWU struggled to attract support. The British consul at Khorramshahr reported that “workers are still very suspicious of the motives underlying the formation of this union” and “though a fair number of workmen have already enrolled, the general enthusiasm expected by the union leaders has not so far been forthcoming.”

British efforts to establish industry-specific national unions lend themselves to Cowan’s suggestion that new forms of “association” would “help to preserve the British connection” and perhaps even establish stronger links between organisations in the metropole and those at the peripheries of the empire. However, the success of this policy is questionable and clearly suffered from a lack of local leadership. Frederick Cooper has argued that “colonial labor policy was to a large extent pulled along from the periphery, as local officials had to come to grips with the challenges posed by workers.” In Africa, Colonial Office officials not only designed a framework for trade unions, but also acted to maintain it with little intervention from Whitehall. In Iran, however, such individuals did not exist. While Ambassador John Le Rougetel offered advice to the company, he was generally unwilling to intervene in what he perceived as civic and corporate matters. Similarly, although the AIOC’s leadership advocated the creation of new trade unions, they feared that corporate intervention could alienate workers and diminish their sense of ownership over these institutions.

The disparity between management styles in Africa and Iran indicates the level of diversity across the empire and the differences between those areas managed by the Colonial Office and those where the Foreign Office took precedence. Although Ernest Bevin’s image looms large over Britain’s policy in its most general form, the power of “local officials” referred to by Cooper in shaping labour policy in Africa, indicates that the power of the “official mind” of empire can be overstated. In both Iran and Africa, Darwin’s proposal that “British domination...would be replaced by tactful self-effacement” appears to carry some credence. However, the disparity in the policies employed to achieve this indicates, that action at a local level was dictated by the competing visions of individuals. The differences in approaches to organised labour described above is indicative of historian R. C. Crook’s suggestion that postwar policy towards the empire was

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441 Press Reports, Translated Extracts, 1-10 February 1947, FO 248/1475 NA.

442 Note: The Ministry of Labour and Information is sometimes referred to as the Ministry of Labour and Propaganda. In part these differences in translation seem to reflect the political bias of the author in question. Throughout this thesis it will be referred to as the Ministry of Labour and Information, the official Foreign Office translation.

443 Khorramshahr to Tehran, 6 February 1947 and Khorramshahr to Tehran, 13 March 1947, FO 248/1475 NA; Ladjervadi, Labour Unions, 146.


446 Ibid.

447 Darwin, Britain and Decolonization, 69-70 & 112.
characterised by the “interaction between a bewilderingly rapid set of policy changes at the London level, with a varied set of responses to crisis at the level of individual colonies.”

By entrusting the execution of policy to officials on the ground and offering little by way of a monitoring process it may be suggested that the Foreign Office demonstrated a lack of planning and foresight. This was undoubtedly reinforced by the fact that the AIOC was run as a private company over which Foreign Office and British Embassy officials had little to no jurisdiction. Between these disparate parties there were no formal discussions as to how the creation of new trade unions would lead to stability or what measures and safeguards would be taken to guarantee the success of this approach. Rather, labour policy suffered from haphazard organisation and a lack of clear, identifiable leadership.

The first cracks in Britain’s Iranian labour policy appeared within weeks of the Oil Workers Union’s formation. The British Consul at Khouzistan suggested that despite AIOC support the union had “no headquarters or registration office” and that “workers [were] fearful [of] joining another union.” Although the Tudeh’s leadership structure had crumbled, the sentiments that had driven its growth were “still strong” and workers were “very suspicious of the motives underlying the formation of this union.”

Despite a mass recruitment drive OWU membership remained small, peaking at little over 2,000 members. Widely seen as illegitimate, oil workers turned their backs on OWU and requested that they be allowed to start their own union without interference from the company.

Within the Iranian government there was some sympathy towards this suggestion. Quoting Ahmad Aramesh, then vice minister at the Ministry of Commerce, Ladjervardi suggests that “the government could not destroy the Tudeh union by force” and that a more nuanced approach was required. Drawing upon Iranian archival sources, he proposes that a sizable number of legislators were supportive of government-sponsored “genuine unions.”

Free of foreign influence, it was hoped that these would be better able to represent the views of Iran’s voiceless working classes. Crucially they would also be free from Tudeh influence. The British were sympathetic: with corporate-sanctioned unions floundering, the “genuine unions” proposed by the Iranian government seemed to be a reasonable alternative.

448 R. C. Crook, ‘Decolonization, the Colonial State and Chieftaincy in the Gold Coast,’ *African Affairs* 85, No. 338 (Jan, 1986), 81.

449 Report up to Noon, 4 February 1947, FO 248/1475 NA.

450 Report up to Noon, 26 January 1947 and Khorramshahr to Tehran, 6 February 1947, FO 248/1475 NA.

451 Khorramshar to Tehran, 13 March 1947, FO 248/1475 NA.

452 Report up to Noon, 21 February 1947, FO 248/1475 NA.


455 *Ibid*.

456 In October 1951, when presenting to the International Court of Justice, the AIOC would note that it had supported “methods and procedures for dealing with problems collectively” and offered support to the Iranian government as it endeavored to develop its own trade union policy. Foreign Office Minute, enc. ‘Anglo-Iranian Oil Company Case, Memorial Submitted by the Government of the United Kingdom of Great Britain and Northern Ireland Vol. I’, 20 October 1951, FO 371/91604 NA.
“Genuine unions” were established by the Ministry of Labour and Information, itself formed at Britain’s request following Tudeh-instigated unrest. In September 1946, for example, the Ministry’s Tehran branch established the Central Syndicate of Iranian Craftsmen, Farmers and Workers (ESKI), a “grassroots” organisation that claimed to be “a genuine union led by and for the workers.” This claim is questionable, not least because of the ministry’s own admission that the workers they represented were “ignorant of their rights...and in need of direction.” To raise support, the Iranian government financed ESKI’s official newspaper *Kargaran-i Iran* (Workers of Iran) and provided support for its nationwide expansion. Workers in government owned and subsidised factories were, according to American labour attaché William J. Handley, also warned that they would be dismissed if they failed to join the union. Ladjervardi suggests that coercion and bribery were used to give the impression of popular support for ESKI, but masked widespread indifference. Although there is some evidence to suggest that ESKI rallies were well attended, they lacked the zealous fervour roused by the Tudeh and failed to challenge the growing sense of apathy amongst working class Iranians. ESKI’s credibility sank further following the appointment of Khosrow Hedayat, a former director-general of the State Railway Organisation and aristocrat with direct links to the Shah’s court. Urbane and fond of “perfumed handkerchiefs and flashy cravats”, Hedayat’s appointment demonstrated a further stage in the depoliticisation of Iranian trade unionism and a demonstration of the lack of authenticity amongst ESKI’s leaders.

Although Bevin had enthusiastically argued for the creation of “local councils” to ensure “greater consultation” between workers and AIOC management, this policy had limited successes. Indeed, the AIOC not only welcomed the Ministry of Labour’s efforts as a means of drawing Iranians away from Tudeh-controlled trade unions, but also as a way of weakening the labour movement more generally. Clearly, this attitude was in marked contrast to Bevin’s promise that “the company is doing all in its power to enable organised labour to establish its own free representation under properly accredited leadership.” However, the Ministry of Labour’s actions did win support from John Le Rougetel, who encouraged ESKI’s expansion and the creation of the Iranian Trade Union Congress (ITUC) as a “natural and spontaneous movement

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457 In Iran itself ESKI was sometimes referred to, mainly by Tudeh members, as a “yellow union”, complicit in government action and with little interest in workers’ rights. Abrahamian, *Between Two Revolutions*, 238; United States Embassy, Tehran ‘Monthly Labour Report,’ 1 June 1948, RG 84/148 NARA.

458 Abrahamian, *ibid.*

459 Ibid.

460 William J. Handley, ‘Visit of the W.F.T.U. Delegation to Iran,’ 30 April 1947, RG 84/2256 NARA.

461 Ladjervardi, *Labour Unions and Autocracy*, 175.

462 Report by the United States Military Attache in Tehran, 1 May 1947, RG 319/370805 NARA.

463 Ladjervadi, *ibid.*, 176.

464 Bevin Minute, Paris, 23 June 1946, FO 371/52715 NA.

465 Ladjervardi indicates that the AIOC’s leadership had a long-running antipathy towards trade unionism, to the point of “denying representation even to its British employees.” While the rise of the Labour Party necessitated a more open policy towards organised labour, it was believed that with state legislation such groups could be rendered impotent. Ladjervardi, *Labour Unions and Autocracy*, 144-147.

466 Ernest Bevin to Hugh Dalton, ‘Social and Municipal Development Carried Out by the Anglo-Iranian Oil Company, Limited, in Abadan and the South Persian Oilfields,’ 22 July 1946, T 236/220 NA.
towards federation.” He found an ally in Vice Minister of Labour, Habib Naficy, who in May 1947 began the process of merging ESKI with the Central Union of Workers and Peasants of Iran (EMKA). Unlike ESKI, EMKA was, according to the United States Embassy in Tehran, “the labour union which comes closest to being independent of party and politics”, an increasingly unique position in Iranian society. Under Naficy’s guidance a deal was brokered to establish a joint labour congress which would include members of ESKI, EMKA and smaller organisations. While the British had initially looked to establish industry specific union this idea appears to have fallen by the wayside. Despite a flurry of activity from the Foreign Office in the wake of the Agha Jari strikes, their interest was waning.

Although it may be argued that Naficy’s agreement was born out of genuine concern for Iranian trade unionism this was not a universally held view. Hedayat, in particular, maintained that ESKI was primarily an organisation of resistance to Tudeh infiltration and that labour-specific issues should be a secondary focus. Hedayat’s approach suggests that resistance to communism was becoming a sufficient justification for measures that impinged upon workers’ rights to representation and the centralisation of Iranian trade unionism. It is unsurprising that in December 1947 EMKA’s club and office facilities were seized by ESKI thugs, allegedly with tacit approval from the Ministry of Labour. With the Tudeh a shell of the organisation which had shaken Iran the previous year, domestic resistance was limited and the seizure justified on the grounds that “EMKA was using the clubhouse for political rallies.”

The British Embassy’s reaction was similarly tepid with Labour Attaché Kenneth J. Hird brushing off claims of a crackdown on independent trade unionism by suggesting that “there is little real understanding here of what unionism or democratic government mean or how they work.” The orientalist perception of Iranian workers as unable to organise themselves mirrors the impulses of colonial officials in Africa, discussed in detail by Frederick Cooper. There existed an “explicit and generalized assumption of African backwardness” and as such the route to modernisation “did not begin with the dynamics of the African present but with British imagination.” As in Iran, officials attempted to impose British values and institutions on a foreign society and frame the labour question in terms of political and civic necessity. According to Cooper, the British hoped to move beyond the “traditionalism associated with indirect rule” to “create political and administrative organisms at the local level”, which could serve as agents of change.

467 William J. Handley, ‘Visit of the W.F.T.U. Delegation to Iran,’ 30 April 1947, RG 84/2256 NARA.
468 Ladjervadi, Labour Unions and Autocracy, 180; Report by the British Labour Attache (Hird), 17 June 1947, FO 371/62052 NA.
469 Tacit British support for such measures may have been influenced not only by Tudeh instigated strike action the previous year, but also by the experience of communist insurrection in other colonies. For example, in November 1947, under the weight of communist pressure, Ceylon had become a dominion in spite of British efforts to maintain formal influence there. Darwin, Britain and Decolonisation, 105.
471 Hird, Tehran, to Heron, Ministry of Labour, 30 April 1948, FO 371/68746 NA.
472 Cooper, Decolonization and African Society, 212.
473 Ibid.
By the end of 1947 the Tudeh’s influence on Iranian trade unionism had been limited to the point of nonexistence. However, efforts to reform the labour movement had failed. It lacked the legitimacy of mass membership and was unrepresentative of the Iranian working class. As the British Consul at Khorramshahr V. W. D. Willoughby warned, “they [the Iranian workers] are beginning to feel [that it is] better for them to remain aloof from all organisations” and disengage from political activity in the workplace. Perhaps more troubling was the attitude of local representatives, both of the AIOC and the British Government, who remained trenchant in their opinion that the Iranian people were incapable of expressing political sentiment without guidance and required foreign authorisation to organise in the workplace. In this sense the development of Iranian trade unionism after the July uprising indicate a disparity between the reformed labour movement envisaged by Bevin and that produced by AIOC and British representatives in Iran itself. The limited opposition to this process offered by Foreign Office officials suggests a lack of planning on their part and illustrates that Bevin’s enthusiasm and vigour did not naturally translate into policy. As a result Iran’s trade unions became unfit for purpose, inconsistent with the views of their supposed constituents and useless as a means of improving communication between AIOC leaders and staff.

**Wages and Development**

Complementing their efforts to reform Iranian trade unionism, the British Government also looked to improve the material wellbeing of the AIOC’s workforce. Le Rougetel, for example, insisted that “every effort should be made to improve living standards for all categories of workers, particularly for labour, and the highest priority should be given to materials and equipment required for this purpose.” Improving social and working conditions in Iran was part of a wider narrative of British development efforts in the colonies. In 1940 the first Colonial Development and Welfare Act was passed, providing capital for the development across the empire for the benefit of colonial peoples and the British Treasury alike. In 1945 the second Colonial Development and Welfare Act made available a further £120 million in funding over ten years with an annual limit of £17.5 million. These sums enabled the creation of long term development schemes, indicating the importance of raising living standards. As Kathryn Tidrick has suggested, the acts illustrate the “erosion of the once sacrosanct idea that the colonies must be, if nothing else, self-

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474 Willoughby, Consulate Khorramshahr, to John Le Rougetel, ‘Report for the Quarter July-September, 1947, on the Affairs of the Anglo-Iranian Oil Company,’ 23 October 1947, FO 371/62044 NA.

475 Le Rougetel to FO, ‘General Appreciation/Recommendations,’ 1 July 1946; T 236/220 NA.

476 The first Colonial Development and Welfare Act came following an investigation into unrest amongst workers in the West Indies and was viewed as a blueprint for development across the British Empire, emphasising the necessity of improving material conditions and means of representation both in the workplace and more generally. However, although a Colonial Development and Welfare Department was established to oversee reform, little progress was made before the end of the Second World War, due to a scarcity of capital, will, and labour. Despite this the Act was important in noting the link between welfare and discontent and the possible ramifications if conditions within the colonies were not improved. This line of thinking is undoubtedly clear in Foreign Office planning towards Iran. Howard Johnson, ‘The British Caribbean from Demobilization to Constitutional Development’ in Judith Brown and Wm. Roger Louis, The Oxford History of the British Empire: Vol. IV: The Twentieth Century (Oxford, 2001), 370-372.

477 The Second Act sought to remedy the failures of the first and to “enable the Colonies to help themselves towards a higher standard of living.” In simple terms it looked to refute and remedy the accusations of rapaciousness generally leveled at the British Empire and establish economic growth and social development across the colonies. It was hoped that this would in turn engender closer cooperation between metropolitan and peripheral aspects of the empire. Nicholas White, Decolonisation: The British Experience Since 1945 (London, 1999), 10-11.
supporting.” However, these sums were not entirely charitable. As Bancroft of the Treasury made clear: “a worker’s productive power is enhanced in direct ratio to an improvement in his social conditions.” Thus it was hoped that by improving the conditions of colonial peoples they would not only be able to make a greater economic contribution, but would also become more open to collaboration with Britain.

Historian David R. Devereux notes that although Britain had withdrawn from Palestine in May 1948, this “was by no means the end of the British presence in the Middle East” and that strategic and economic interests there were central to a policy of retrenchment. Allied to this was regional development to raise living standards and solidify British strength. In Iraq, for example, improving social and political conditions was seen as “vital for any successful development of Iraq’s resources.” In Egypt similar policies were pursued with the British tying investment in the country to the production of plans for structural and social improvement projects. Heinlein suggests that this firm attitude was the result of an orientalist mindset and belief that it was the only means of dealing with “a hysterical people.” It appears then that improving the lot of the Middle Eastern people was identified as a means of retaining influence and of strengthening Britain’s position. However, the people of the Middle East, although not formal subjects of the Crown, were not be trusted to achieve this themselves, making necessary the guiding hand of British intervention.

This was certainly the case in Iran where, in November 1946, a statement of intent had been made in the form of a joint report by the Foreign Office and Ministry of Fuel and Power that called for the AIOC to become “the best employers in Persia” through “the fixing of new minimum wage levels” and improvements to company housing stock. This document, circulated widely throughout both departments and the Prime

479 J P Bancroft to Colonel Russell Edmonds, 21 June 1947, T 220/200 NA.
480 John Darwin suggests that under this process “the signs of British domination...would be replaced by tactful self-effacement.” The British he argues had “no disposition to seek a post-imperial future”, but rather looked to establish a new imperial framework in which the empire’s benefits would be reapplied through collaborative, rather than dictatorial endeavour. Darwin, Britain and Decolonisation, 69-73. R.F. Holland concurs with these findings, pointing to a “renewed colonial activism” after the Second World War as the Attlee government looked to create a more equitable, productive empire. Holland, European Decolonization, 299.
483 Kenneth O. Morgan proposes that development projects in Egypt were part of a direct effort to assuage domestic nationalism and to ease the tensions bought on by the presence of over 100,000 British soldiers in bases around the Suez Canal. Morgan, Labour in Power, 207; Robert L. Tignor, ‘Decolonization and Business: The Case of Egypt,’ The Journal of Modern History 39, No. 3 (Sept, 1987), 502.
484 Heinlein, British Government Policy and Decolonisation, 16.
485 Paul Kingston goes further and suggests that development efforts in Iraq were accompanied by stringent conditions and even violence, not least the Kirkut massacre during which ten striking workers were murdered by the Iraqi government, action allegedly “encouraged” by London. This pattern does not appear to be replicated elsewhere in the Middle East, suggesting a unique set of circumstance in Iraq. It does, however, raise questions as to whether the British would have pursued similar policies in Iran if they had a closer relationship with the government there. Kingston, Britain and the Politics of Modernization in the Middle East, 98.
486 Ministry of Fuel and Power to Prime Minister, ‘Persia: Note by Foreign Office and Ministry of Fuel and Power,’ 7 November 1946, PREM 8/613 NA.
Minister’s office, demonstrates a belief that unrest could be assuaged largely through material improvements and reflected the growing problem of spiraling inflation and a lack of housing for AIOC employees.

Between 1939 and 1945 Iranian AIOC employees had seen their weekly wages more than double, however between 1939 and 1947 the official cost of living in Iran had increased more than fivefold, leading to protests against spiraling prices. Le Rougetel noted that inflation had led to a scarcity of rials in free circulation and to increase liquidity, through sales of sterling, “every effort should be made by His Majesty’s Government to increase the provision of British goods and services for the Persian market.” Allied to living costs, housing was identified as an area for improvement. It is notable that in 1946 the company had just 14,300 staff lodgings available for over 65,000 staff, over ten percent of whom were foreign. This shortage was exacerbated because almost seventy-five percent of housing stock was earmarked for married staff and their families, a fact which failed to understand the fluid nature of the AIOC workforce. Many employees worked on a seasonal basis and would return to their homes to undertake agricultural work once, or even twice, a year. This in turn led to fluctuating staff levels and oversubscribed demand for “bachelor quarters.” Finally, at Abadan, just twelve percent of staff had been employed by the company for more than three years, indicating a rapid turnover of employees, making the allocation of accommodation a challenging administrative process.

In the months that followed the Tudeh uprising there appears to have been some improvement in the material wellbeing of AIOC employees. On 28 January 1947, for example, an unnamed company representative told Treasury officials that “recent increase in wages has for the present settled all the trouble and calmed all the agitation.” The increases in question were unquestionably large: “a fitter who used to get 28 rials a day now gets 44: a telephone operator who got 20 rials a day now gets just twice that sum: and the senior Persian interpreter at Ahwaz now draws the stupendous sum of £1,800 per annum.” Wages for unskilled workers, previously the target of Tudeh propaganda, also increased substantially, rising by thirteen percent to 40 rials a day as part of a new minimum wage agreement between the AIOC and Iranian government, encouraged by the Foreign Office.

Although the AIOC was able to increase the salaries of Iranian employees their housing policy was less successful. In April 1947, Willoughby noted that the AIOC planned to begin an ambitious housing project at

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488 Le Rougetel to Foreign Office, ‘General Appreciation/Recommendations,’ 1 July 1946 T 236/220 NA.


490 Ernest Bevin to Hugh Dalton, 22 July 1946, ‘Social and Municipal Development Carried Out by the Anglo-Iranian Oil Company, Limited, in Abadan and the South Persian Oilfields, T 236/220 NA.

491 Ibid.

492 V.W.D. Willoughby, Consulate Khorramshahr, to Le Rougetel, 14 April 1947, FO 371/62044 NA.

493 Anglo-Iranian Oil Company Minute, 28 January 1947, T 236/1337 NA.

494 Willoughby to Le Rougetel, Consulate Khorramshahr, 14 April 1947, FO 371/62044 NA.
Abadan, increasing the Bahmanshir quarter, one of four company owned estates, by 5,000 homes alone. However, on announcing the project, the company failed to provide either a timetable for completion, or detailed inventories of the materials required.\(^495\) By October the AIOC had made little to no progress in improving housing, even amongst high ranking members of staff, and inventories of necessary materials had still not been drawn up.\(^496\) This situation was exacerbated by a “singular lack of cohesion amongst the senior authorities of the company” regarding planning and development and a general “lack of cooperation” between the AIOC’s various departments or British officials in Iran.\(^497\) Efforts to relieve pressure on the company by consular and embassy staff were also rebuffed, with the AIOC warning against government meddling. Such was their obstinacy that in July 1947, Willoughby damningly reported that “the company are a law unto themselves”, adding that they “do not seem fully to appreciate the fact that His Majesty’s Government own over 50% of the shares in their concern. It would be an excellent thing if this important fact could be impressed on them periodically through their London office.”\(^498\)

While the Foreign Office and AIOC headquarters at Finsbury Circus were a matter of miles apart, their relationship was noticeably distant. Records demonstrate that communication between the two generally took place with the Ministry of Fuel and Power acting as an intermediary and direct discussions were kept to a minimum. The company had a history of pursuing a unilateral policy in Iran, free from Whitehall’s constraints, and was keen to continue this. In contrast, Bevin publicly suggested that the AIOC had “room for improvement” and demanded a change in the relationship between the government and the company.\(^499\) However, despite the Foreign Secretary’s desire to reform the AIOC he had no clear blueprint of how to do so. Indeed, for all Bevin’s rhetoric there is no substantive evidence that he ever set his plans in motion or undertook consultations within the Foreign Office on how to bring the AIOC into line.

Bevin was far from alone in his views towards the company. Although Under-Secretary of State, Neville M. Butler, questioned whether Willoughby’s attitude towards the company should see him recalled to London, Le Rougetel’s defence of “a most conscientious Anglo-Indian official” suggests that he recognised that the AIOC were becoming “too big for their boots.”\(^500\) A. C. Trott, Consulate-General at Ahwaz, was similarly critical of the growing disparity between AIOC and Foreign Office policy, suggesting: “it seems a pity that someone can’t impress on them the sound commonsense of the famous dictum of Lord Melbourne about some controversy: ‘it doesn’t matter so much what we say, but for God’s sake let’s all say the same thing.’”\(^501\)

\(^{495}\) Ibid.
\(^{496}\) V. W. D. Willoughby, Consulate Khorramshahr, to Le Rougetel, ‘Report for the Quarter July-September, 1947, on the Affairs of the Anglo-Iranian Oil Company,’ 23 October 1947, FO 371/62044 NA.
\(^{497}\) V. W. D. Willoughby, Consulate Khorramshahr, to Le Rougetel, ‘Report of the Quarter April - June 1947, on the Affairs of the Anglo-Iranian Oil Company,’ 10 July 1947, FO 371/62044 NA.
\(^{498}\) Ibid.
\(^{499}\) Foreign Office to British Embassy Tehran, enc. ‘Parliamentary Questions 17 July 1946’ 17 July 1946, FO 371/52720 NA.
\(^{500}\) Le Rougetel to N. M. Butler, 31 May 1947, FO 371/62044 NA.
\(^{501}\) A. C. Trott, Consulate-General Ahwaz, to Le Rougetel, 17 May 1947, FO 248/1475 NA.
Resistance to government intervention in AIOC housing and development policy was clear throughout 1947, indicating an emerging disconnection between each parties’ aims and intentions. That this ran alongside disunity amongst AIOC leaders, who spoke “not with one tongue but with as many tongues as the tower of Babel”, suggests an inherent instability, to the point of dysfunctionality, within the company. Discord and disunity also manifested itself in the Foreign Office’s inability to work with the AIOC to establish a sustainable development plan. It is notable that while this was clearly a problem no steps were taken to correct it. There are, for example, no records of a government review process taking place, or of a systematic monitoring process. While the expansion of Bahmanshir was impressive, it was not part of a wider, unified solution to Iran’s socioeconomic ills. Thus, while the company “intended” to provide new medical and housing facilities to their workers, there was no indication of how or when, these would be established. American Ambassador George C. Allen was damning of British complacency, suggesting that the government and the AIOC were “not deeply concerned whether Iranian political and economic interests are safeguarded in the matter or not.”

In an attempt to mask their failing housing policy and improve their image in Iran more generally, the AIOC and British Embassy embarked on an aggressive public relations campaign. G. Keating, “an experienced and capable public relations official”, was appointed and set about producing a new range of daily and weekly newspapers to raise the AIOC’s image and inform workers and citizens alike of the company’s progressive development policies. Meanwhile, communications between Empire Information Services and the Tehran Embassy’s Information Department illustrate state-sponsored efforts to demonstrate the benefits of British guidance to the Iranian people and economy. For example in March 1947, George Rees requested pamphlets from the ‘Wars Not Yet Won’ and ‘Progressing Towards Self-Government in the British Colonies’ series for national distribution. These series reported on British successes in raising standards of living for colonial peoples while simultaneously providing reassurance that the empire’s long-term goal was native self-governance. Increasingly, efforts were also made to influence the Iranian media, a policy which Colonel Whelan, the Embassy’s Press Counsellor, suggested “should be the basis of our publicity in Persia.” Revealingly an Embassy circular from May 1947 announced that “we are placing an average of 75,000 words of news and 12,000 words of feature [in the Tehran press] each month” and called for even greater efforts to influence the media through the distribution of pro-British and indeed, anti-Russian papers, films and radio broadcasts. It seems that as development floundered, a media campaign was viewed as the best means of papering over the cracks and improving Britain’s profile.

502 Ibid.
503 V. W. D. Willoughby, Consulate Khorramshahr, to Le Rougetel, 14 April 1947, FO 371/62044 NA.
504 George C. Allen to James F. Byrnes, 11 January 1947, RG 59/891.6363 NARA.
505 V. W. D. Willoughby, Consulate Khorramshahr, to Le Rougetel, 14 April 1947, FO 371/62044 NA.
506 George Rees to Hargrove, Empire Info Services, 10 March 47, FO 953/64 NA.
507 Colonel Whelan Minute, 14 March 1947, FO 953/64 NA.
508 British Embassy Circular Letter ‘Information,’ 6th May 1947, FO 953/64 NA.
John Darwin, Frank Heinlein and William Roger Louis are just three of the historians who have discussed the reorientation of the British Empire after the Second World War and suggested that the Attlee government wished to achieve greater integration through metropolitan-led development and infrastructure projects. In Iran the germ of this policy is clear. Plans were made to improve housing and welfare, and the need to improve material conditions was recognised. However, the depth of planning was superficial and relied on the assumption that the Iranian people would not only welcome top down development, but be prepared to wait for its implementation. As this plan faltered, propaganda was identified as a necessary tool to assuage Iranian concerns. Simultaneously, however, the Iranian government was growing more ambitious in its outlook and increasingly looked to challenge foreign perceptions of how to improve living standards. Their aims were generally ignored by the British, reinforcing the sense that they suffered from an entrenched orientalist mindset and were unable to collaborate with the Iranians as equals.

**Domestic Led Development**

The AIOC’s failure to establish a wider plan to improve conditions in Iran came at a time when the Shah was looking to extend his influence and establish himself as an independent advocate for modernisation. It is noteworthy that his March 1947 New Year’s Eve speech plainly stated: “fuller attention must be paid to improving the lot of the public, particularly that of the toilers, so that they can be comfortable in living, dwellings and subsistence. Also great efforts must be made to ensure public health and free education so as to eliminate illiteracy and epidemics which constitute the greatest cause of degradation, both materially and morally.” In a follow-up message on the feasibility of the Shah’s plans, Le Rougetel suggested that the Qavam administration estimated that “the minimum needed to ensure to this country her rightful place among the nations” would be almost 600,000 million rials, approximately £450 million, or “the equivalent of some fourteen years annual ordinary revenue on the present basis.” Included in these estimates was 17,305 million rials for health service provision, 11,500 million rials for education and 5,130 million rials for housing. While these estimates may appear to be unrealistic to the point of extravagance they reflect a growing desire for a unified, nationwide and domestic-led approach to development. Unlike his predecessors, the young Shah had travelled widely and recognised his country’s many socioeconomic frailties. Similarly, he was aware that without entrenched dynastic roots he would need to ingratiate himself with the Iranian people and earn their affection through public spirited works. Although he was not in a

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510 BBC Monitoring Report, King’s New Year Message to the Nation, 27 March 1947; T 236/220 NA; Le Rougetel to Bevin, 26 March 1947, FO 248/1474 NA.

511 Le Rougetel to Foreign Office, 28 March 1947, FO 248/1474 NA.

512 Ibid.

position to immediately achieve legislative change, the Shah believed that by publicly voicing his concerns he could wield his influence and develop his support base.\textsuperscript{514}

However, despite the Shah’s clear message, the Foreign Office and Treasury refused to entertain the notion of direct funding for development projects initiated by the Iranian government itself.\textsuperscript{515} Bevin was also quick to insist that AIOC revenues and royalties should not be levied against future loan repayments and that “the effect of pledging the royalties as service for a loan would be to divert royalty receipts from normal revenue to capital purposes and by starving the former might create undesirable consequences.”\textsuperscript{516} Additionally, the Foreign Secretary instructed Le Rougetel to make clear that, “we should like to be consulted before any final [financial] arrangements are made, in order that we may be able to satisfy ourselves that the loan agreement contains nothing detrimental to the interests of His Majesty’s Government or of the AIOC.”\textsuperscript{517} While Bevin claimed that neither the British Government, nor the AIOC could “attempt to stipulate how the Persian Government should use their royalties” it is clear that this was not the case.\textsuperscript{518} By ring-fencing AIOC royalties the British cut off Iran’s principal source of revenue, hindering their ability to implement a development policy designed from within. British orientalism also manifested itself in criticism of the very idea of domestic led development. For example, the Commercial Counsellor at the Tehran Embassy, Roberts, stressed that the Iranian impropriety made the plans financially unfeasible. “The government”, he wrote, “leads a hand to mouth existence financially and it would probably be difficult, if not impossible, to increase its rial revenue to any appreciable extent.” Additionally, he suggested that, “the Persian is by long tradition a skilful [sic] tax dodger, and the government is usually obliged to depend for the greater part of its revenues on those which can be collected at the source.”\textsuperscript{519} Roberts’ outlook, like that of the AIOC and government officials in London, served to reinforce the notion that the Iranians were without agency and reliant on British guidance.

Despite a lack of British support for domestic led development, the Iranian government opted to pursue it regardless, exploring the possibilities of securing expertise and funding from other, foreign, sources. In the most general terms the Shah called on the Iranian Ambassador in Washington, Husain Ala, to seek $250 million in economic and military aid from the United States. Ala, a diplomatic veteran, recognised that such a sum was unlikely to be given and instead requested $100 million in the form of low-interest loans or ideally, grant aid. The request, although ultimately unsuccessful, gained the support of Ambassador to Tehran, George C. Allen, Director of the Office of Near Eastern and African Affairs, Loy Henderson, and

\textsuperscript{514} Ibid.

\textsuperscript{515} Davis, \textit{Contested Space}, 296.

\textsuperscript{516} Bevin to Le Rougetel, 14 April 1947, FO 371/62001 NA.

\textsuperscript{517} Ibid.

\textsuperscript{518} Ibid.

\textsuperscript{519} Memorandum by Commercial Counsellor at Tehran (Roberts) on the Financial Aspect of Persia’s Development Programme, 24 September 1947, FO 371/62003.
Under-Secretary of State, Dean Acheson, suggesting that Iran’s geopolitical importance to Washington was increasing, albeit slowly.\textsuperscript{520}

While the Truman Doctrine had demonstrated the United States’ willingness to aid strategically vulnerable nations in the Near/Middle East, Iran was not yet deemed to meet the necessary criteria.\textsuperscript{521} Aid to Iran could also have the undesired effect of inflaming tensions with the Soviet Union and undermining Britain’s position there. For these reasons, head of the Division of Greek, Turkish and Iranian Affairs, John D. Jernegan, wrote that while the Iranian oilfields were potentially as important as the Turkish Straits, Iran’s best course of action was to remain independent and avoid becoming too closely aligned with any single power.\textsuperscript{522}

With support from the American Government unforthcoming, Iran appealed to the International Bank for Reconstruction and Development, announcing, on March 21, 1947, that funds were required to finance the Seven Year Plan: an ambitious scheme of nationwide reconstruction and development. To provide an initial survey for the IBRD, Morrison-Knudsen, an American construction firm, dispatched a consultancy group to Iran consisting of “seven or eight experts to study irrigation, dams, agriculture, transportation, power and fuel, industry, mining and communications.”\textsuperscript{523} Consultation fees totalled approximately $100,000, but it was hoped the firm’s reports would illustrate the Iranian government’s commitment to rigorous structural development and their ability to improve infrastructure independently.\textsuperscript{524} Throughout 1947 Qavam’s administration developed increasingly ambitious plans, these included: a nationwide road building programme, modernising urban housing and building a new water system in Tehran.\textsuperscript{525} The latter project enlisted support from British engineer and member of the London Metropolitan Water Board H. Ingleson, who proposed a grand scheme of mobile water chlorination units to help minimise the threat of cholera and other water borne diseases, and engineering firm Sir Alexander Gibb & Partners.\textsuperscript{526}

\textsuperscript{520} Goode, \textit{The United States and Iran}, 39. Acheson would later favourable refer to the “ambitious” nature of Iranian development plans and the “disappointment to all” that direct mediation with the Shah did not lead to greater progress. Acheson, \textit{Present at the Creation}, 501-502.

\textsuperscript{521} The Truman Doctrine is used to describe President Truman’s enunciation in March 1947 that the United States must pledge itself to “assist free people who are resisting attempted subjugation by armed minorities or by outside pressures.” The statement was initially prepared to help win Congressional support for American aid to Greece and Turkey, but later came to underpin American international strategy. For details see: Dennis Merrill, ‘The Truman Doctrine: Containing Communism and Modernity,’ \textit{Political Studies Quarterly} 36, No. 1 (March, 2006); Judith S. Jeffery, \textit{Ambiguous Commitments and Uncertain Policies: The Truman Doctrine in Greece, 1947-1952} (Lanham, Maryland, 2000); Howard Jones, \textit{A New Kind of War: America’s Global Strategy and the Truman Doctrine in Greece} (Oxford, 1997).

\textsuperscript{522} Jernegan to Allen, 16 January 1948, RG 59/891.00 NARA.


\textsuperscript{524} British Embassy, Washington D.C. to Eastern Dept, Foreign Office, 28 December 1946, FO 371/62001 NA.

\textsuperscript{525} The scope of the plans was so great that British Ambassador Le Rougetel suggested that “nothing has been forgotten from irrigation to lunatic asylums.” Kingston, \textit{Britain and the Politics of Modernization in the Middle East}, 71.

\textsuperscript{526} ‘Suggested Temporary Scheme for the Control of Water-Borne Diseases in Tehran’ 4 May 1948, DSIR 13/473 NA; sir Herbert Stewart, an agricultural advisor in the Foreign Office, would later refer to the scheme as impressive on paper, but also “delusive” suggesting that “the mere provision of more water is not in itself the sole cure for the backward condition of agriculture.” Sir Herbert Stewart, ‘Karun-Zayandeh Rud Irrigation Project’ 21 June 1947, FO 371/62002.
Perhaps of greater consequence, the Seven Year Plan also engaged the support of American oil expert Max W. Thornburg and, on his advice, the Overseas Consultants, Inc. (OCI), the firm tasked by the United State Department of War to plan the industrial reconstruction of Germany and Japan following the Second World War. Thornburg recognised that corruption was rife in Iran and encouraged the Plan’s governing body, Plan Organisation, to beapolitical and run along modern management lines, similar to a large, private corporation. As vice-president of OCI Thornburg was to be stationed in Iran permanently, serving as the main point of contact with the Iranian government. To the Iranian people, and indeed many within the Iranian government itself, Thornburg was perceived not as a private citizen, but a representative of President Truman himself. He had previously served as an economic advisor in the State Department, and was on first-name terms with important figures, both on Capitol Hill and in the oil industry: attributes which gave Iranians hope that the OCI’s actions would lead to much-coveted American financial support. Although Thornburg’s role between 1947 and 1949 was technically confined to offering advice on issues surrounding development, his presence can be interpreted as evidence of growing American interest in Iran. With the OCI employed as consultants the British were frozen out of an area of Iranian political and economic life that they assumed they could dominate. As Kingston suggests, “all out commercial competition with the Americans was not possible” and the British were forced to accept both the intervention of the United States’ private sector and their reduced ability to shape the Iranian government’s development plans. While Thornburg’s role will be discussed more prominently in chapter four, it is important to recognise his presence and the possibility that he could become, what Emily Rosenberg terms, a “chosen instrument” for the expansion of American informal influence overseas.

Despite clear signs that the Iranian government hoped to forge its own course for development, British support remained forthcoming and, as a result, Tehran looked to the United States as a potential source of funds and expertise. Although, at this stage the American response was tepid, the presence of the OCI suggests that Iran was firmly on the radar in the United States. In a sense this was a period of missed opportunities for Britain. Clearly Iran was in need of external partners and yet no olive branch of collaboration was offered by London, even though this could have greatly improved Anglo-Iranian relations. It seems clear that British policy rested on the misapprehension that the Iranians were in need of their guiding hand. However, while London’s unwillingness to support domestic led development was driven by orientalism, it was also the result of economic malaise, the growing realisation that the postwar recovery would be slower than expected and a need to generate revenue while simultaneously cutting costs.

527 Perhaps the most comprehensive account of Thornburg’s career in Iran is Linda Wills Qaimmaqami, ‘The Catalyst of Nationalization: Max Thornburg and the Failure of Private Sector Developmentalism in Iran, 1947-1951,’ Diplomatic History 19, No. 1 (January, 1995).

528 Somerville Memorandum enc. Max W. Thornburg, ‘Memorandum on the Naficy Plan, 15 March 1948,’ 4 June 1948, RG 84/850-850.6 NARA.

529 For details of Iranian hopes and expectations of American financial aid, see: Goode, The Untied States and Iran, Chp. IV ‘Economy’ and Chp. VI ‘America to the Rescue’.

530 Kingston, Britain and the Politics of Modernization in the Middle East, 73.

British Economic Frailties

As has been suggested, the British reaction to domestic-led Iranian development was one of resistance. Not only were officials certain that the Iranian government was “over confident” in its ability to undertake such an ambitious operation, but they feared that it could open the door to foreign competition for dominance there.\footnote{Le Rougetel to W.F. Crawford, British Middle East Office, Cairo, 7 January 1947, FO 371/62001 NA.} The Board of Trade was particularly alarmed by the Morrison-Knudsen survey, which they saw as “clearly equipped to put projects in [the] hand” of American firms and “whose opinions cannot be considered unbiased.”\footnote{F.A. Swann, Board of Trade, to C.W. Baxter, 19 February 1947; Baxter to Swan, Export Promotion Dept., Board of Trade, 30 April 1947, FO 371/62001 NA.} Le Rougetel warned that the mission represented the American private sector’s “increased interest...in capturing trade in this country” and a desire to increase Iranian “dependency” on the United States.\footnote{Le Rougetel to Bevin, 3 March 1947, FO 371/62003 NA.} Similarly, despite the American Government’s refusal to grant aid to Iran, a concerns persisted that the Truman Doctrine could lead to the decline of British dominance in the Near East.\footnote{Ibid.} This fear was exacerbated by military collaboration between the Iranian and American armed forces, and the Shah’s efforts to bolster his air force with the proposed purchase of American made B-17 bombers.\footnote{It should be noted that with the benefit of retrospect and access to archival sources, it seems that these fears were largely misplaced. There is, for example, no evidence exists of a Washington directed cabal to topple Britain in the Middle East and individuals like Max Thornburg seemed, despite their connections to Capitol Hill, to have operated alone at the fringes of American power. General Scharzkopf to Colonel Pottenger, 17 February 1947, RG 319/092 NARA; Davis, Contested Space, 296-297.} However, despite the Ambassador’s concerns, the options available to the Attlee government to resist American advances, real or otherwise, were limited by increasingly harsh economic realities.

1947: An “Annus Horrendus”

In his autobiography, Chancellor of the Exchequer Hugh Dalton would refer to 1947 as an “annus horrendus” as the optimism that followed Labour’s election gave way to economic malaise.\footnote{Hugh Dalton, High Tide and After: Memoirs 1945-1960, (London, 1962), 187.} Labour’s problems began when unprecedented cold weather and snow accentuated preexisting fuel shortages. In June 1946, President of the National Union of Mineworkers, Will Lawther, had warned of a “coming catastrophe” as manpower shortages hindered production, yet it was not until November that a Cabinet Committee was established to provide a solution.\footnote{Morgan, Labour in Power, 331.} From January 20, Britain endured bittercold conditions with coal stocks falling to below four million tons, the minimum level for national survival, as demand rose to 607,000 tons a week, 93,000 tons more than anticipated. Adverse weather affected transport routes, and on 7 February, Minister of Fuel and Power, Emanuel Shinwell, told the House of Commons that, as a result of shortages, many power stations were to be temporarily closed due to shortages.\footnote{For a full account of the winter fuel shortage see Alex J. Robertson, The Bleak Midwinter, 1947 (Manchester, 1987).}
improve until late March and Britain’s economic performance suffered greatly, as the country proved unable to produce enough energy, let alone goods for export.

Even as the temporary shock of the fuel crisis ebbed, a more general economic malaise was revealed. Manpower, materials and startup capital were scarce and Britain’s balance of payments performance was in steady decline. In 1947, over 42 percent of imports came from the United States, however just 14 percent of exports were sold there: exhausting British dollar reserves. Further exacerbating the dollar shortage was the growing cost of occupation in Germany which, alongside the fuel crisis, meant that by March Britain was drawing double its normal amount of dollars per month. By April over $450 million were being withdrawn per month, more than four times as more than a year earlier.

Britain’s economic woes were compounded by the forthcoming introduction of full convertibility to sterling current accounts, due to take place on 15 July, 1947. Full convertibility was, alongside “non-discrimination in trade”, identified by the United States government as a vital tenet of international multilateralism and the integration of nations into a unified world economy, and as such was included as one of the terms of the 1946 loan to Britain. Although leading economists like J. M. Keynes recognised that convertibility was inevitable in an increasingly connected world, forcing the free convertibility of sterling to dollars onto Britain’s fragile economy so quickly was an error of great proportions. Britain was suffering a dollar shortage, having seen the value of its reserves slashed from £864 million in 1938 to around £453 million in 1945, as well as high levels of debt and a declining balance of trade, even with other sterling area economies.

On July 19, 1947, The Economist reported that convertibility had come and gone with “no untoward events”, suggesting that Britain’s gold and dollar reserves had demonstrated robustness in the face of external pressures. However, this was quickly proven to be an unduly optimistic assessment. In the first week of convertibility Britain’s dollar levels declined by $106 million, rising to $183 million for the week ending 16 August with an average weekly loss of $115 million. By comparison, weekly losses during the second quarter of 1947 had been $77 million, an amount that was in itself dangerously high. The dollar drain also resulted in a fire sale of British stocks, including government securities which fell in value by $400 million. With sterling’s value plummeting, convertibility was suspended on August 20.

‘Export or Die’

540 Morgan, Labour in Power, 341.
545 Morgan, Labour in Power, 343-344; Memorandum by Dalton, 14 August 1947, PREM 8/489.
The convertibility crisis was fundamental in exposing the limitations of Britain’s postwar recovery and in shaking the confidence of policymakers in London. Chancellor Dalton called for further cuts to British expenditure, including £120 million in imports. However, despite this bold step, Dalton’s credibility had vanished and on 13 November he was replaced by Sir Stafford Cripps, previously Minister for Economic Affairs. Cripps, described by Life magazine as “an ascetic, with a taste for socialism, sermons and sea-kale salad”, redoubled Britain’s drive for austerity. According to historian P. D. Henderson, exports needed to be increased to 150 percent of their prewar level if Britain was to eliminate its current account deficit, leading Cripps towards a policy dubbed “export or die.”

The AIOC was identified by Cripps as valuable asset, not only due to its potential as a dollar earner, but also as a rich source of taxes. In 1946 the company had paid £15.59 million to the Exchequer, rising to £16.82 million in 1947 and £18.03 million in 1948. Additionally, dividend limitations had been imposed on the AIOC. This not only raised the tax pool from which the British Government could draw, but limited royalties paid to Iran. Under the terms of the 1933 concession the Iranian government could claim a fixed royalty per ton of oil sold at market prices and twenty percent of the dividend paid to ordinary shareholders. As a result, the Iranian government received a dividend payment of just £1.07 million in 1948, despite AIOC profits of over £20 million. Financial austerity also limited the funds available for the company’s development projects or structural development, straining relations between the Foreign Office and the Treasury, the AIOC leadership and the Iranian government.

Cripps was not alone in linking British, and indeed Western European, economic fortunes with the exploitation of colonial resources and could call upon the support of Prime Minister Attlee himself. Historian John Callaghan suggests that Labour were “in search of Eldorado” and steadfast in their belief that foreign riches could be exploited to create a new welfare settlement in Britain. Although Callaghan’s research focuses largely on relations between Britain and Africa parallels can be drawn with policy in Iran, suggesting increasing commonality and a general sense of desperation to raise capital from foreign sources wherever

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547 Cabinet Memorandum, 16 October 1947, CAB 129/21 NA. The dilemma faced by the Attlee government is referred to by historian and political scientist Martin Francis as a choice between “economics or ethics.” Increasingly concerned by burgeoning economic difficulties, Francis proposes that Labour came to rely on “demand management” and in turn dispensed with many of the Keynesian spending plans, both domestically and overseas, which had defined their early years in office. Francis, Ideas and Policies Under Labour, 34-35.

548 Life Magazine, 8 March 1948.

549 Hinds, ‘Sterling and Decolonization’ 104.


551 Ibid., 387.

552 ‘Foreign Office Views on the Increased Profits of the Anglo-Iranian Oil Company and the Persian Request for Loan of £10 Million Against Royalties’ Minute by Sir Orme Sargent, 27 Aug 1948, FO 371/68731 NA.

553 Nicholas White suggests that the Foreign Office’s role came to one of “fending off the exploitative tendencies of the Treasury-Bank-City nexus” as it struggled to come to terms with this situation and construct policy around it. White, ‘The Business and Politics of Decolonization,’ 558.

554 Callaghan, ‘In Search of Eldorado,’ 115.
possible. Hyam has also investigated British economic policy in Africa, proposing that the British looked to
the empire “to get its hands on raw materials with which to buy food and other requirements” and that Cripps
sought to “force the path” of colonial economic development to help alleviate the dollar gap. Secretary of
State for the Colonies Arthur Creech Jones continued to believe that this could be a mutually beneficial
strategy, suggesting that “the people of the colonies....can help us and themselves” by producing and
exporting ever-greater quantities of valuable commodities. Creech Jones’ approach indicates that despite
British economic frailties Whitehall officials remained global in their outlook and committed to an imperial
future.

However, the Treasury’s zeal for immediate returns on overseas assets and the bleak economic outlook
hindered lines of credit and led the AIOC to turn to other sources of finance, including from the United
States. In October 1947, Sir Gordon Munro, the Treasury’s advisor in Washington, warned that American
investors had been tacitly approached with the view to raising a $100 million loan for the company, on the
basis “that the group lending the money would want to be able to buy itself into the AIOC on a modest basis
and that as a necessary preliminary to the loan all the details of AIOC’s finances would have to be
published.” Munro’s reports were subsequently confirmed by Sir William Eady, former head of Britain’s
financial mission to Washington. Eady suggested that in a conversation with Sir William Fraser, the AIOC
chairman had let it be known that the company had been investigating the possibility of raising capital in the
United States for over six months. Subsequent records show that the AIOC had even gone as far as
approaching J. P. Morgan and other firms “on the street” to broker a ten-year financial agreement with an
American creditor, a process described by a J. P. Morgan representative as “hawking.” Recognising that
pressure from central government was increasing, the AIOC was seeking to break free and become an
independent company, able to operate beyond the bounds Whitehall had imposed on it.

The reaction within the Foreign Office’s Economic Relations Department was, unsurprisingly, immediately
disseminate. In a message to Sir Orme Sargent, C. T. Grandy found four disadvantages to the AIOC raising
funds on Wall Street. First, “the Persian Government would have a full account of the dollars earned by the
sale of AIOC oil....this will increase the pressure on us to provide even more gold and dollars for Persia.”

555 Hyam, Britain’s Declining Empire, 131.
556 Ibid., 132.
557 ‘Declinist’ scholars such as Paul Kennedy have suggested that the decline of the British Empire was something of an inevitability
and proposed that this was recognised within some British institutions. There is, however, little clear evidence to support this thesis
in the immediate post war era. Rather the British generally looked to entertain the establishment of a leaner Empire which could
fulfill a new set of needs in as cost effective manner as possible. Paul Kennedy, The Rise and Fall of the Great Powers (New York,
1997).
558 C. T. Gandy, Foreign Office Economic Relations Dept., to Sir Orme Sargent, 8 October 1947, FO 371/62059 NA.
559 Roger Makins Minute, enc. Sir William Eady Memorandum ‘Anglo-Iranian Oil,’ 21 October 1947, FO 371/62059 NA.
560 Note: In this context the term “hawking” refers to the practice of raising capital by approaching potential investors in an
aggressive and scatter-gun manner without the government’s consent. It should be recognised that throughout this episode there is
little evidence to suggest that the United States government sought to encourage engagement in the AIOC, rather communication
between the Company and potential investors seems to have been driven, largely, from London. British Embassy, Washington D.C. to
Foreign Office, 17 October 1947, FO 371/62059 NA.
Second, “any American participation in AIOC would be interpreted throughout the Middle East as another sign of the British decline.” Third, “at home His Majesty’s Government would be accused of selling out once more to the Americans.” Finally, “the Admiralty have a very strong interest in fuel oil from the AIOC and should be consulted.” Gandy’s second and third points are particularly interesting in that they provide a further acknowledgment of British vulnerability, and the possibility that the United States could usurp their position in the Middle East. Gandy’s message also suggests a belief that relations with Washington required moderation and that Britain needed to maintain a level of independence.

In his response, Sargent drew closer attention to the wider political and security implications of the proposed policy and warned that neither the Treasury, nor the AIOC could “do this sort of thing without full consultation with the Secretary of State, the Chiefs of Staff and Sir Stafford Cripps.” The AIOC’s value as a premium dollar earner was also well recognised. Indeed, Eady suggested that within three years it would “exceed the value of Malaya rubber” with further potential for growth as the United States sought to import and stockpile oil. With Britain’s dollar drain a persistent problem in the postwar year, the AIOC was a rare commodity: a consistent dollar earner with full British ownership.

Throughout these deliberations there was minimal direct contact between the AIOC’s board of directors and the Foreign Office or British Embassy, Tehran. There are, for example, no records of Bevin personally contacting the AIOC’s board of directors or of Le Rougetel holding meetings to discuss the implications of American investment in the AIOC on policy at a local level. In many respects this disconnection is surprising and raise the question of why, given the AIOC’s importance, were no substantive efforts made to establish and develop contact? Although the Foreign Office had platitudinously suggested the AIOC should improve its performance, there had been little follow up action to achieve this. While Bevin had taken an interest in Iranian labour matters, it appears that he had little stomach to take on the AIOC, a powerful organisation used to operating as an independent entity. Disunity in outlook prevented collaboration and relations were allowed to drift, even as the British government became ever more determined to generate tax income through the AIOC. Though a fine negotiator and an extraordinary intermediary between Britain, Russia and the United States, it appears that the Foreign Secretary lacked tactical vision and failed to build bridges with the AIOC’s leadership. The company’s decision to approach American firms without prior consultation indicates a clear manifestation of the mistrust it felt towards the government and determination to pursue an independent policy.

According to Nicholas J. White this kind of disunity between public and private bodies was a common feature at the fringes of empire. He proposes that “given the social and ideological divisions between officials and commercial specialists, it should not seem strange that the thinking of imperial business was

561 C.T. Gandy, Foreign Office Economic Relations Dept., to Sir Orme Sargent, 8 October 1947, FO 371/62059 NA.
562 Sargent to Gandy, 9 October 1947; Sargent to Bevin, 9 October 1947, FO 371/62059 NA.
563 Roger Makins Minute, enc. Sir William Eady Memorandum ‘Anglo-Iranian Oil,’ 21 October 1947, FO 371/62059 NA. For details on the United States’ oil position and reserve/consumption ratio, see Painter, Oil and the American Century, 97.
generally at odds with many of the tenets of postwar imperial policy.”564 In addition to a basic and fundamental difference in outlook, White contends that “no imperial business could have failed to observe the conspicuous worldwide failure of British governments to protect British commercial interests from the predatory instincts of determined postwar economic nationalists.”565 This suggests that the Attlee government’s lack of planning may have reduced private sector faith in its abilities, contributing to a decline of trust and making rapprochement more difficult. It is notable that White identifies this pattern in the relationship between mining companies in Africa’s Gold Coast and rubber producers in Malaya; industries which, like the AIOC, had been identified as ready income streams.566

**The Supplemental Agreement and Iranian Nationalism**

Coinciding with the AIOC’s efforts to raise funds from outside Great Britain was an emerging movement inside Iran calling for a renegotiation of the terms of the 1933 Anglo-Iranian Oil Concession and a more equitable division of the company’s profits. The Qavam-Sadtchikov Agreement, negotiated in the wake of the Azerbaijan crisis was rejected by 102 votes in the Majlis in October 1947, which, while preventing the Soviet’s gaining a foothold in Iran, made necessary a renegotiation of the terms of the 1933 concession and the establishment of a new ‘Supplemental Agreement’ between the two states.567

While the British had shown little indication of a desire to change the status quo, there was a wide base of support for a revised oil agreement across Iran. Low level dissatisfaction towards the AIOC had been growing since the Tudeh collapsed. Not only had development efforts stopped in their tracks, but the total oil revenue they received was less than half of that taken by the British government in tax revenues. For example, in 1945 the Iranians had received £5.62 million, rising to £7.13 million the following year. In the same period, the British Exchequer took £15.63 and £15.59 million respectively.568 The dividend limitation policies imposed in the wake of the convertibility crisis added to this sense of unfairness and meant that in 1948 the Iranian government would receive a dividend payment of just £1.07 million in 1948, despite AIOC profits of over £20 million.569 A less tangible, but no less important factor was the sense that the AIOC was an all pervasive presence, able to influence all areas of Iranian political and economic life.570 While the violence which accompanied the Tudeh’s rise was not apparent, a more subtle form of nationalism was emerging in bazaars, universities and mosques. The new nationalism demanded that the Supplemental Agreement establish a more equitable oil settlement and offer the Iranian government and people a greater

565 Ibid., 555.
566 Ibid., 557.
567 Le Rougetel to Foreign Office, 24 January 1949, FO 371/75495 NA.
568 Schedules of Royalty and Taxation Payments to the Iranian government, BP 4305 BPA; UK Taxation Liabilities on Accounts for Years 1932 Onwards, 20 September 1951, BP 9233 BPA.
569 Sir Orme Sargent Minute, ‘Foreign Office Views on the Increased Profits of the Anglo-Iranian Oil Company and the Persian Request for Loan of £10 Million Against Royalties,’ 27 Aug 1948, FO 371/68731 NA.
570 Louis, ‘Mussadiq, Oil and the Dilemmas of British Imperialism,’ 732.
means of participating how their country’s oil industry was managed. Negotiations were to take place against a background of poisonous rhetoric and AIOC obstinance, eventually resulting in a Supplemental Agreement neither party truly believed in.

“Open Revolt”

Although the Tudeh’s immediate threat had largely been extinguished by trade union reform, residual anger and unrest continued to simmer under the surface. The Iranian people were largely disenfranchised by the political system and endemic corruption left them unable to voice their concerns through the ballot box. The British were far from an innocent party in this. AIOC political advisor Sir John Underwood suggested that during balloting for the Fifteenth Majlis, held in June 1947, electoral clerks prepared papers in the name of Dr. Abdol Hossein Rajeh, a former AIOC executive and that “anyone arriving with a voting paper made out for any other candidate usually had this substituted unless the electoral committee were prepared to allow a certain number of voting papers to be placed in the [ballot] box in another candidate’s name so as to make things appear normal.”

A degree of stability was maintained thanks to Qavam’s ability to extinguish threats from within the Majlis and consolidate his position by publicly playing opposing forces against one another. However, this was a high-risk strategy and one which bought him into direct opposition with the Royal Court. Increasingly, the Shah hoped to be more than a constitutional monarch and to take a more active role in Iranian political life. As early as February 1947, Le Rougetel warned that “relations between the Shah and Qavam have lately undergone a change for the worse” indicating an emerging power struggle between the Majlis and Royal Court. Additionally, Qavam’s Democrat Party was a fractious alliance rife with “blatant corruption”, internal competition and mistrust, not least between wealthy landowners, industrialists and workers. Given the contradictory interests of these groups it is little surprise that the Party’s caucus was followed by mass defections in the Majlis. The much vaunted Seven Year Plan, despite support from the American private sector, was also faltering with “numerous complaints about corruption and administrative inefficiencies.”

Le Rougetel warned that up to forty Majlis deputies were in “open revolt”, an untenable situation that led to the government’s collapse on August 27. Even as his government crumbled, Qavam vowed to fight on and hastily formed a new coalition with a majority of just thirty-six representatives. The result was “complete deadlock.” Although Qavam remained Prime Minister for over three months, his fragile coalition lacked unity and was unable to pass even the most basic of policies, not least legislation to ratify the Seven Year Plan.

571 AIOC, ‘Report Up to Noon,’ 21 February 1947, FO 248/1475 NA.
572 Kingston describes the Shah are “interfering in the day-to-day political process” and seeking to “influence the politicians” as a means of swaying the Majlis. Kingston, Britain and the Politics of Modernization in the Middle East, 70.
573 Le Rougetel to Foreign Office, 28 February 1947, FO 248/1474 NA.
574 Le Rougetel Memorandum ‘Persian Government and Internal Situation,’ 19 March 1947, FO 248/1474 NA.
575 Kingston, Britain and the Politics of Modernization in the Middle East, 82.
576 Le Rougetel to Foreign Office, 2 August 1947; Le Rougetel to Foreign Office, 28 August 1947 FO 248/1474 NA.
577 Le Rougetel to C. F. A. Warner, Foreign Office, 3 December 1947, FO 248/1474 NA.
Plan, despite the capital that had already been sunk into this project.\textsuperscript{578} With his popular support wavering Qavam’s position became untenable and on 11 December a vote of no confidence saw him removed from office.\textsuperscript{579} His fall was, according to Ladjervardi, “the end of a phase in the development of Persian politics” and the dawn of a new period of turmoil and domestic unrest.\textsuperscript{580}

The collapse of Qavam’s government precipitated the search for a suitable successor and in a secret Majlis session Dr. Ibrahim Hakimi returned to the Prime Ministerial office in December 1947. Hakimi’s cabinet was fractious at best and can be seen as an attempt to encourage the support of the Royal Court. For example, Hakimi had asked Abdul Hossein Hazhir, a favourite of the Shah, and Murtiza Yazdanpanah, the Shah’s Adjutant General, to join as ministers. However, this prompted opposition from reformists, who objected to the heavy handed tactics used to bring down the Tudeh in the summer of 1946. In a bid to win over these elements Hakimi concluded martial law and simultaneously sought to lift restrictions on vital food stuffs, such as tea and sugar. Although the significance of these basic legislative changes is often overlooked they helped lead to a reawakening of Iranian nationalism and to foster a climate of political activism more generally.\textsuperscript{581}

The Gass Mission and British Division

After successive delays and two further changes of government, AIOC representative Neville Gass arrived in Tehran at the end of August 1948, spending almost a month establishing formal procedures before discussions on the Supplemental Agreement’s terms opened on 28 September, 1948.\textsuperscript{582} The Iranian delegation’s demands were initially unclear, but did include £10 million in credit, to be paid back by future royalties, to ease ongoing fiscal constraints and provide start up capital for the Seven Year Plan.\textsuperscript{583} Early talks were stifled by what the AIOC referred to as a lack of “properly organised procedure”, the Iranian delegation’s inability to enlist impartial expert advice and few, if any “formulated definite demands.”\textsuperscript{584} Critically, Gass was concerned that future discussions could be “jeopardised by political considerations” and

\textsuperscript{578} The Seven Year Plan would remain in legislative limbo for some fifteen months after Qavam’s departure, eventually being ratified in February 1949, following the granting of extra powers to the Majlis in the wake of an attempt on the Shah’s life. Unsurprisingly, given the levels of corruption and organisation inefficiency, less than a fifth of the projects it promised to deliver were ever implemented, and even then often at a reduced level. Though bold in scope and backed by the American private sector, the Seven Year Plan suffered from the ills which seem to have infected all areas of Iranian public life.

\textsuperscript{579} Le Rougetel to Foreign Office, 11 December 1947, FO 248/1474 NA.


\textsuperscript{581} Hakimi’s decision to suspend martial law enabled political rallies to take place freely and for protest movements to develop. While Deutsch’s notion of social mobilisation had been suspended by martial law, legislative changes now meant that the process could be renewed, allowing for more discourse across Iranian society.

\textsuperscript{582} Note: Prime Minister Hakimi’s time in office lasted until June 1948, he was then replaced by Majlis veteran Abdol Hossein Hazhir after Hakimi’s coalition “gradually fell apart.” Hazhir was an intermediary between Qavam and the Royal Court and the first Iranian Prime Minister in almost a decade to not come from aristocratic stock. Abrahamian, \textit{Between Two Revolutions}, 247-248.

\textsuperscript{583} Clinton Thomas Minute, ‘Persian Request for Credit of £10 Million from AIOC against Advance Royalties Payments,’ 20 August 1948, FO 371/68731 NA.

\textsuperscript{584} AIOC, Tehran to AIOC, London, 22 December 1948, FO371/68731 NA; Foreign Office Minute, ‘Conversation between Mr. Wright and Mr. Gass of the AIOC about the timing of the resumption of negotiations with the Persian Government on 4 January 1949,’ 14 January 1949, FO 371/68731 NA.
felt that “any future conversations [on the Supplemental Agreement] must depend upon there being good prospects of their being carried through to satisfactory conclusion.”

His concerns were in some respects understandable given that Abdol Hossein Hazhir’s government fell after little more than four months in office, despite a Majlis vote of confidence. Iranian scholar Homa Katouzian argues that the replacement of Hazhir, a patriotic civil servant with links to Qavam, by the avidly anticommunist, Swiss-educated bureaucrat Mohammad Sa’ed exemplifies the control “the domestic and foreign powers that be” had over Iranian politics and their desire for a figure with “much wider appeal within the political and religious establishment” to lead negotiations. The main implication of this was that Sa’ed struggled to attract support not only from the Iranian public, but also within the Majlis itself. The continued threat of political uncertainty was undoubtedly seen as damaging to the AIOC’s interests. For example, in talks with Michael Wright, an Assistant Under-Secretary of State supervising Middle Eastern affairs, Gass reaffirmed that the Iranian government’s sustainability was “the crux of the whole question” and warned that unless the Supplemental Agreement could be successfully passed through the Majlis, discussions were largely pointless. However, Gass’ comments can also be interpreted as a subtle indication of the orientalist mindset being adopted by the AIOC. First, rather than entering into the discussions with the intention of reaching a compromise, Gass tacitly suggested that unless the Iranian government followed the company’s line no agreement could be reached. Second, Gass’ notion of stability was a veiled attack on Iran’s democratic process. These sentiments were latent throughout discussions, but would become increasingly pronounced as nationalism developed.

To break the negotiating deadlock tripartite discussions were held between Treasury, Foreign Office and AIOC officials, during which “it was agreed that the company would be well advised to show willingness to give some short-term accommodation, but not as much as £10 million [to the Iranian government].” However, this was not a charitable act, but would necessitate the removal of discriminatory regulation that allowed the Iranian government to offer British firms a less favourable sterling-rial exchange rate. Bevin agreed with an extension of aid to Iran, but felt that it was “a case for a gift, rather than for a loan.” In part, this was because he viewed the limited revenue generated by the Iranian government as a “legitimate grievance” given the company’s “large profits” and the negative impact of Britain’s dividend limitation policy. While the Foreign Secretary had been able to craft foreign policy with little interference from other government departments between 1945 and 1947, economic dislocation ensured that this was no longer the case and his call for a “gift” to Iran was swiftly rejected by Cripps. The Chancellor warned that “an outright lump sum gift is dangerous” before going on to suggest that any loan should not exceed £5 million and that

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585 Ibid.
587 Foreign Office Minute, ‘Conversation between Mr. Wright and Mr. Gass of the AIOC about the timing of the resumption of negotiations with the Persian Government on 4 January 1949,’ 14 January 1949, FO 371/75495 NA.
588 Foreign Office to Tehran, 4 Sept 1948, FO 371/68731 NA.
589 Ibid.
590 Sir Orme Sargent to Chancellor, 4 September 1948, FO 371/68731 NA.
the company would be encouraged to reject demands for a royalty increase of more than 33.5 percent. Although Bevin shared Cripps’ faith in the AIOC as a consistent revenue generator, he was unconfident in its ability to reach a fair settlement with the Iranians. However, with his focus fixed largely on the emerging Cold War in Europe, he was unable to dedicate adequate time or energy to the Supplemental Agreement’s negotiation.

By late 1948 the threat of war in Europe loomed large. The continent was split between the communist East and capitalist West and a succession of events had raised tensions to breaking point. In February, for example, Soviet operatives helped to execute a coup in Czechoslovakia while June saw Stalin order a blockade of Berlin, resulting in the Allies launching an airlift (Operation Vittles) to supply the beleaguered city. Reflecting on events, then Under-Secretary of State, Dean Acheson suggested that the clash between the communist and capitalist nations was the greatest since “Athens and Sparta and Roma and Carthage.” Acheson believed that while the Soviets did not yet want to engage in open warfare they would instead look to “probe wherever there is weakness” and, as a result, conflict was expected. To minimise the risk of social turmoil that may enable communist insurgency, the United States looked to offer economic support to its European allies, calling upon them to bid for European Recovery/Marshall Plan funding. Leading the response were the British, and Bevin in particular.

As the architect of the Treaty of Brussels, the forerunner of the North Atlantic Treaty, and the foremost voice in support of an active American role in Europe, Bevin had helped to establish Britain, and himself, at the heart of Europe’s defence. However, as Randall B. Woods, Howard Jones and Alan Bullock have made clear, Bevin’s influence in Europe came at a cost, both to his health and his creativity in other areas. In Iran this was particularly obvious. While Bevin had been a leading supporter of reshaping Iranian trade unionism and forcing the AIOC to improve conditions for employees, his voice was largely missing from debates as to the role the company could play in Britain’s economic recovery and, indeed, the ramifications this would have for relations with Iran. With the Foreign Secretary occupied by events in Europe, the AIOC

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591 Cripps to Bevin, 14 Sept 1948, FO 371/68731 NA.

592 In contrast, the Chancellor appeared to support Britain’s informal empire, viewing it as a means of maximising returns on British controlled resources, regardless of the potential unrest it could cause. This can be viewed as a clear parallel to the situation described by Sarah Stockwell in Ghana, where “there was not a single ‘official mind,’” but rather competing interests even within the British administration. Stockwell, ‘Business, Politics and Decolonization,’ 271.


594 Beisner, Dean Acheson, 71.

595 Ibid.

596 Ibid.


598 Woods and Jones, Dawning of the Cold War, 195.
was given something of a free hand in discussions with the Iranian government and could set the tone of 
debate with little input or interference from the Foreign Office.\footnote{Bullock, \textit{Ernest Bevin: Foreign Secretary}, 534-535.} Indeed, Wright warned that “the 
company’s operations and policy are not in any way controlled by His Majesty’s Government” and noted that 
Foreign Office officials “did not know what concessions the AIOC were prepared to offer the Persians” and, 
as such, felt unable to advise on policy towards Iran more generally.\footnote{Wright to Le Rougetel, 21 December 1948, FO 371/68732 NA; Foreign Office Minute, ‘Conversation between Mr. Wright and 
Mr. Gass of the AIOC about the timing of the resumption of negotiations with the Persian Government on 4 January 1949,’ 14 
January 1949, FO 371/75495 NA.} By failing to prepare adequate 
channels of communication with the company in previous years the Foreign Office had become unable to 
influence proceedings or influence a vital policy area.

Talks between the company and Iranian government on the terms of Supplemental Agreement were renewed 
with the presentation of a twenty-five point memorandum compiled by Iranian Finance Minister Abbas Quli 
Gulshayan on January 4, 1949. Amongst the document’s key points were that the Iranian government’s share 
of the AIOC’s profits would not be liable to British taxation, dividends paid to Iran would be unburdened by 
British restrictions, the company’s books and accounts would be freely accessible to Majlis officials and Iran 
would benefit from a “share of the foreign exchange resulting from the sale of oil products in the world.”\footnote{Neville Gass to M. R. Wright, enc. 25-Point Memorandum from the Persian Govt., 24 January 1949, FO 371/75495 NA.} 
However, although the presentation of this document demonstrates a crystallisation of the Iranian demands, 
Gass remained adamant that the delegation did not constitute a “strong Negotiating Committee with [the] 
authority to reach a settlement” and demanded that a “spokesman empowered to speak on their behalf” be 
appointed.\footnote{Foreign Office Minute, ‘Conversation between Mr. Wright and Mr. Gass of the AIOC about the timing of the resumption of negotiations with the Persian Government on 4 January 1949,’ 14 January 1949, FO 371/75495 NA.}

The AIOC’s obsession with protocol and unwillingness to engage with an Iranian delegation they deemed to 
be lacking in authority reaffirms the obstructionist attitude and aloofness that alienated the company from the 
Iranian people. Similarly, in casting such aspersions on an official delegation, the AIOC again demonstrated 
clear orientalism. A message from Le Rougetel to the Foreign Office also indicates an element of chicanery 
in the AIOC’s policy. He suggests that the company was seeking to “spin out the negotiations under cover of 
a smoke screen of publicity” before forcing the Iranians into an unfavourable, last-minute settlement.\footnote{Le Rougetel to Foreign Office, 16 January 1949, FO 371/75495 NA.} The 
Ambassador saw this strategy as inherently unwise. “In the long run” he wrote, “every successive 
postponement can only work against us; we have recent evidence - which we have reported to the Foreign 
Office - of increasing dissatisfaction in the country.”\footnote{John Le Rougetel, AIOC Minute, 7 January 1949, FO 248/1489 NA.} Le Rougetel’s perspective was supported by 
Diplomatic Counsellor, M. J. Creswell, who informed Bernard A. B. Burrows of the Foreign Office that “the 
long term situation is gradually worsening for the company...and any appearance on their part of hanging
back at this stage would immediately be exploited against them and against us, by our enemies. It would also weaken the Sa’ed government and might even lead to its fall.”

Although he believed that “the easiest way out would be to seek a postponement of negotiations” Bevin recognised that this would “arouse suspicion that we were anxious to postpone the day when the company must pay over to Persia sums in justice due to them.” Despite Le Rougetel’s warnings that such a policy could prove disastrous, he instead argued that “the next best course of action [was] to spin out negotiations until the dissolution of the Majlis” and called upon the AIOC to “display great activity and create as much noise as possible in the press and in public utterances, as a smoke screen for their efforts to delay the conclusion of negotiations.” Bevin hoped that his suggestion would offer the Foreign Office time to regroup and develop a strategy to improve Britain’s bargaining position. The disagreement between Foreign Secretary and Ambassador highlights the lack of an overarching vision in Iran and the ad hoc nature of British policy there. The emerging sense of dysfunctionality at the heart of British policy was exacerbated when Cripps used a session of Parliamentary Questions on 25 January, to defend the AIOC from government intervention, stating: “it is not the duty of the shareholders to interfere with the directors when they are carrying out their job.”

Tellingly, contemporary political commentator M. A. Fitzsimons wrote that Labour’s members remained driven by “utopian hopes” for foreign policy, but that these impulses, although “rooted in the very structure of the party”, were being ignored by the government, creating a chasm between ideology and action. However, the options available to Attlee government were limited. During 1949 Britain’s economy remained sluggish: the dollar deficit reached $1,410 million on 3 September and sterling continued to fall in value. In this climate oil was seen very much as a safe, marketable and profitable commodity. This sentiment was undoubtedly reinforced by the AIOC’s own predictions that Iranian oil production in 1950 could be as high as 28.5 million tons, of which Abadan would be able to process over 87 percent. Faced with dire economic circumstances it is perhaps unsurprising that the goals of restraining the company and establishing a fair settlement were sidelined in favour of economic realism and a determination to maximise returns.

An Equitable Settlement?

Against a backdrop of internal British discord, AIOC aloofness and Sa’ed’s inability to establish a viable power base, nationalist tensions in Iran were rising. To deflect criticism, the Prime Minister called for an

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606 Bevin to Le Rougetel, 13 January 1949, FO 248/1489 NA.
607 Ibid.
608 Bevin to Le Rougetel, 31 January 1949, FO 248/1489 NA.
610 Morgan, Labour in Power, 380-381.
611 Anglo-Iranian Oil Company Forward Programme, 8 September 1949, BP 91002 BPA.
agreement “in accord with the poverty of the people”, a bold statement from a figure seen by the AIOC as a moderate.\textsuperscript{612} Even more vehement was Majlis deputy Abbas Iskandari who on 23 January, 1949 not only suggested that “oil, the lifeblood of Persia, was being stolen by the British”, but cast doubts on the legality of the 1933 concession, claiming there may have been an “oversight” or “mistake” in its formulation.\textsuperscript{613} Iskandari’s remarks were followed by a cacophony of scathing criticism from the Iranian media and Majlis officials alike. This reached a crescendo when Majlis deputy Husain Makki read a letter from veteran constitutionalist and popular icon, Dr. Mohammad Mussadiq, to a packed Majlis session. Mussadiq spoke of the “high treason which has been committed against our dear land” and advised Iranian politicians to reject any agreement with the AIOC.\textsuperscript{614}

Subsequently, on January 27, Majlis deputy and veteran nationalist Hassan Taqizadeh demanded a vote of confidence on Sa’ed’s relationship with the AIOC and the ongoing delays in concession renegotiation.\textsuperscript{615} In response Le Rougetel warned the Foreign Office that “during the past few days the situation has deteriorated noticeably and in the Majlis, in the press and even by demonstrations in the streets an impression is being fostered that discussions now impending with the AIOC should start upon the basis of the cancellation of their concession.”\textsuperscript{616} Popular uproar reached a dramatic climax on February 4 when the Shah was shot and wounded during a ceremony commemorating the opening of Tehran University by Fakhr-Arai, a writer for the fundamentalist paper \textit{Parcham-i Islam} and member of a Tudeh-affiliated journalists union. Given Arai’s connections, the Royal Court used the assassination attempt as evidence of a Tudeh-Islamist conspiracy and moved to silence all opposition through a series of draconian measures. Martial law was again declared, opposition leaders exiled, or in Mussadiq’s case placed under house arrest, and a new Constitutional Assembly was convened to establish a Senate, half of whose members would be nominated by the Shah. The Royal Court was also granted the power to dissolve the Majlis at any time, provided new elections were held within three months. Finally, the Shah gave Sa’ed the power to ban all forms of propaganda and protest which “undermined public law-and-order.”\textsuperscript{617} Purposely couched in vague terms, this order made effective opposition to the state extremely difficult and prevented protests against the Supplemental Agreement from taking place. Despite previous criticisms of Iranian corruption and a lack of popular representation, the British reaction to these policies was mute. This suggests that as the relative value of Iranian oil rose, British leaders became more willing to overlook the frailties of democracy there and more Machiavellian in their negotiating strategy.

Unconstrained by public opinion the Iranian government was able to return to discussions with the AIOC. As negotiations resumed, two key areas of disagreement became clear. First, the AIOC representatives

\textsuperscript{612} \textit{The Times}, 11 January 1949.


\textsuperscript{614} \textit{Ibid.}, 69.

\textsuperscript{615} Le Rougetel to Foreign Office, 31 January 1949, FO 248/1489 NA.

\textsuperscript{616} Le Rougetel to Foreign Office, 3 February 1949, FO 248/1489 NA.

\textsuperscript{617} Abrahamian, \textit{Between Two Revolutions}, 250.
announced that the Iranian government’s desire to peg royalties to the international price of gold was “unsound and workable” due to the “large variations” in the royalty payment each year, which “would be a most disturbing factor in the economy of Iran.”\footnote{618} In 1931 the Bank of England had fixed the price of gold at an artificial rate of £8.40 per ounce, roughly £3 less than the world market rate. As a result the Iranian government received a quarter to a third less than they would have if an international rate had been applied.\footnote{619} This disparity was seen as evidence of British deviousness and a demonstration of the need for royalties to be pegged against international gold prices. Second, the Iranian government called for a fifty-fifty split of total gross profits, including those “derived from other oil and operations in other countries.”\footnote{620} The fifty-fifty formula mirrored that used by both Standard Oil of New Jersey and, crucially, Royal Dutch Shell in Venezuela. That Shell, a British owned firm, used the formula appeared to many in Iran to set a precedent for the equitable division of profits.\footnote{621} It should, however, be noted that this agreement referred solely to profits derived from the extraction, refinement and sale of Venezuelan oil and not Shell’s total operations, indicating a degree of misunderstanding amongst the Iranian negotiators.

Despite the disagreements between AIOC and Iranian Treasury representatives, some progress was made during private talks between Le Rougetel and the Shah. While the Shah felt that the company’s offer “was not sufficient”, he also recognised that the Iranian formula required adjustment and agreed to pursue the advice of technical advisors, including Max Thornburg.\footnote{622} Although Thornburg refused to serve as a formal consultant for the Iranian government, due to State Department opposition, he agreed “to discuss with them at any time any general questions of oil economics.”\footnote{623} Thornburg was critical of the “completely fallacious” demands from some within the Iranian Treasury, suggesting that British opposition to their formula by no means superfluous, or unjustified.\footnote{624}

Thornburg’s recommendations helped to solidify splits within the Iranian delegation. Veteran constitutionalist Jamal Enami warned that there remained “dangers of a breakdown, which might have serious consequences” and “that pressure of public opinion in Persia might force them to nationalise the oil industry.”\footnote{625} Although Enami’s claims that “public opinion...was a really important factor” were dismissed as “nonsense” by Michael Wright, they demonstrate the Iranian establishment’s fear of the emergence of nationalism and indicate that popular opposition to the Supplemental Agreement was a strong, potent force. Enami’s claims also cast doubt on the notion that the Shah could lead popular opinion, despite a groundswell

\footnote{618}{Le Rougetel to Foreign Office, enc. Memorandum by Gass, 3 March 1949, FO 248/1489 NA.}
\footnote{619}{Manucher and Roxane Farmanfarmaian, \textit{Blood and Oil: Memoirs of a Persian Prince} (London, 1997), 209.}
\footnote{620}{\textit{Ibid.}}
\footnote{621}{\textit{Ibid.}}
\footnote{622}{Le Rougetel to Foreign Office, 18 March 1949, FO 248/1489 NA.}
\footnote{623}{Le Rougetel to M. R. Wright (Foreign Office), 30 March 1949 enc. Thornburg to Wiley, 20 March 1949 (forwarded by Thornburg to Le Rougetel personally), FO 248/1489 NA.}
\footnote{624}{\textit{Ibid.}}
\footnote{625}{E. A. Berthould to Wright, Record of a Conversation with Mr. Enami, Persian Government Delegate to the Anglo-Iranian Oil Company, 8 April 1949, FO 248/1489 NA.}
of goodwill towards him following the assassination attempt. Finally, that a leading member of the Iranian delegation would offer such a pronounced view, yet have it dismissed offhand as “nonsense” indicates that the British had not yet come to terms with Iranian nationalism.

Iranian nationalism traversed class, religious and social distinctions, drawing supporters under a broad umbrella with control of oil as the central goal. In this sense, it was highly sophisticated, maintaining the “dialectical quality” of being “both inclusionary and exclusionary” as described by sociologist D. V. Kumar. Although the Iranian people officially lived in a sovereign, independent state, they perceived the British as acting as puppeteers: controlling power through impenetrable channels of influence. Such was the depth of this perception that Sa’ed claimed that most Iranians were “in a state of acute distress, while great wealth was flowing out of the country with little benefit to them.”

In a bid to break the deadlock over profit-sharing, AIOC chairman Sir William Fraser travelled to Tehran for two weeks of discussions with the Persian government in late April. However, these talks again proved fruitless, despite the Shah’s “expressed wish that an agreement should be concluded before the chairman left.” Although he had earlier agreed, in principle, to an equitable division of revenue generated in Iran, Fraser was adamant that a general fifty-fifty division of AIOC profits was impossible. The Iranians were similarly unbending, seeking clarity that the company would not utilise corporate loopholes to maintain their hold over the profits derived from Iranian oil and a guaranteed minimum royalty per annum. The Shah was increasingly frustrated by what he perceived as the obstinacy and inflexibility of an unpatriotic few and looked to exert ever greater pressure on the Majlis to agree terms with the AIOC before the end of the parliamentary term. Backed by a troop of Royal Guards he held private “meetings” with wavering deputies as a form of state-sponsored intimidation. As William Roger Louis points out, the Shah was “by no means the tyrant of later years”, but was developing a tendency to assert himself in matters beyond his jurisdiction.

This was a high risk strategy. Le Rougetel warned that the mistrust wrought by negotiations surrounding the Supplemental Agreement was hindering the normal business of government and that the economic situation was “deteriorating” as a result. Not only were “food prices being maintained at the higher level reached during the winter”, but acute shortages of even the most basic foodstuffs were being reported. Similarly,

626 Ibid.
628 AIOC Minute, ‘Meeting with Sa’ed,’ 9 March 1949, BP 3B5086 BPA.
629 Le Rougetel to Foreign Office, 11 May 1949, FO 248/1489 NA.
631 For examples see: Johnson to British Embassy. Tehran, 13 February 1949; Ogden (Shiraz) to Tehran, 10 Feb 1949 FO 248/1486 NA; Consul General, Tabriz to Tehran, 7 Feb 1949, FO 248/1486 NA.
632 Louis, The British Empire in the Middle East, 637.
633 Le Rougetel to Foreign Office, 15 June 1949, FO 248/1489 NA.
industrial activities were “flagging” due to a lack of liquidity and materials. In the bazaar there were murmurs of a general strike as “growing agitation” led to nationwide protests against the state. Perhaps most important, however, was the general “lack of confidence in the government” amidst outcry over the protracted oil negotiations and ongoing reports of internal deficits and a shortage of capital for development projects.634 Worryingly for the British these problems were “widely attributed to the Shah” who was seen as meddling in affairs of which he had little understanding or experience. In strained tones, Le Rougetel stated that “I still hope that the Shah may be able to intervene in this matter with success. But if he fails a new situation will arise.”635

Although he had found it difficult to influence negotiations, Bevin recognised the severity of the situation faced by the AIOC. “I feel that a major British interest is at stake” he wrote before suggesting “that failure to reach a settlement on the basis of this offer would have serious consequences both for ourselves and in Persia.”636 To relieve pressure on the Shah and provide an easily demonstrable improvement in the concession terms for the Iranian people, he called on the company to offer the Iranians a guaranteed minimum royalty of £4 million per annum.637 This would not only curry favour with the Iranian public, but also help to plug their ever growing funding gaps. Additionally, a deal was struck between the Foreign Office and AIOC to raise the royalty per ton from four to six shillings and remove dividend limitation legislation from the company’s general reserves. Both measures were retroactive to 1948 and as such a lump sum payment of little over £5 million was offered, to be transferred within thirty days of the legislation’s passage through the Majlis. Under these new terms, royalty and tax payments would rise from an estimate of £13.49 million to £22.89 million for 1949.638 Finally, to assuage the complaints of corporate insularity made by nationalists in the Majlis, the company agreed to a steady process of ‘Iranianisation’ and guaranteed that Iranian employees would gradually take over all aspects of domestic extraction and refinement.

The terms offered by the company were readily agreed to by the head of the Iranian delegation, Gulshayan, who declared himself “confident of ramification during the life of the present Majlis.”639 On July 21, Le Rougetel contacted the Foreign Office to inform them that “the Oil Agreement Bill was passed by the Majlis Commission last night and it is expected that the final vote will be taken on July 23rd or 24th.”640 Under its final terms the royalty per ton was raised from 4 to 6 shillings, a minimum royalty of £4 million per annum

634 Le Rougetel to Foreign Office, 27 June 1949, FO 371/75485 NA.
635 Le Rougetel to Foreign Office, 15 June 1949, FO 248/1489 NA.
636 Bevin to Tehran Embassy, 1 July 1949, FO 248/1489 NA.
637 It should be noted that Bevin’s message was delivered not to the AIOC’s leaders directly, but rather through the Tehran Embassy. That the Foreign Secretary did not send personalised correspondence to the chair of a major British interest is on the surface a surprise, but in this case reinforces the depth of disunity between company and government. Ibid.
639 Ibid., 396.
640 Le Rougetel to Foreign Office, 21 July 1949, FO 248/1489 NA.
was guaranteed and the company agreed to pay little over £5 million to the Iranian government within thirty
days of the agreement coming into force, in lieu of unpaid royalties from 1947/48.\footnote{Robert M. Carr to Department of State, ‘Anglo-Iranian Oil Company Supplemental Agreement,’ 27 September 1950, RG 59/888.2553 NARA.}

Although agreed by Gulshayan and the other Iranian delegates, the Supplemental Agreement remained
unratified in the Majlis, where it was presented in a public session beginning on 23 July. The debate was
beset by nationalist opposition, with seasoned constitutionalists dragging out proceedings by using elaborate
filibuster tactics. In an effort to regain order, Sa’ed called for a time limit on speeches, a request shouted
down by enraged opposition deputies, encouraged by their supporters inside the chamber. For five days
nationalists held the floor, railing not only against the Supplemental Agreement, but the British
themselves.\footnote{Le Rougetel to Foreign Office, 26 July 1949, FO 248/1489 NA.} Throughout the negotiation phase the British government and the AIOC chose to ignore the
emerging threat posed by Iranian nationalism, dismissing it as something of an irrelevance, an aberration that
would soon pass. However, by the close of the Fifteenth Majlis on July 28, 1949 nationalist forces had
demonstrated their strength and prevented the passage of a major contract between the state and the
company. Iranian nationalism was sophisticated in its scope and encompassed a range of otherwise disparate
groups while completely excluding any British influence as an alien and dangerous force. The British failed
to accept this and by treating the Iranians as weak, naive and without agency added to the already deep
divisions between them.

One of the few British voices to recognise the strength of feeling in Iran was Ambassador Le Rougetel. In a
thoughtful message to London he warned against encouraging the Shah to dissolve the Majlis or take further
action to force its members into agreeing to it. “If the agreement were to have any real value it must be freely
accepted” he wrote, later suggesting that the media was increasingly “developing the theme that the failure
of the Majlis to ratify is tantamount to rejection of the bill and that it is the duty of the government to reopen
negotiations with the company at once with a view to obtaining further concessions.”\footnote{Ibid.} Le Rougetel also
warned that Britain’s power to influence Iranian politicians was in decline and that “nothing that I can say
will have [a] decisive effect.”\footnote{Ibid.} Finally, he suggested that “there is a real danger of the government being
 inveigled into an attempt to re-open negotiations which would be in flat contradiction with the stand they
have taken in the Majlis. This would render their position impossible and would jeopardize the prospect of
persuading the new Majlis to pass the agreement.”\footnote{Ibid.} Damningly, the Foreign Secretary’s determination to
“spin out negotiations” had cost Britain dearly and despite the effort of the Shah, the AIOC and the British
government, nationalism was now shaping Iran’s political landscape.\footnote{Bevin to Le Rougetel, 13 January 1949, FO 248/1489 NA.}
The National Front Emerges

Perilous economic conditions exacerbated tensions further. On September 18, 1949, sterling was devalued, prompting panicked talks between Gulshayan and the AIOC. The Finance Minister, seeking to safeguard pending payments, requested that royalties owed to Iran from before this date maintain their value, a request denied by the company and justified on the basis that past royalty payments were “not covered by gold guarantees.” As such, the previously agreed £4 million minimum payment rate would also be devalued, meaning a decline in payments in real terms. This serves as another clear example of the AIOC adopting a tough bargaining position, in spite of pressure from Whitehall. Given Bevin’s previous criticism of the company’s approach it is telling that opposition from within the Foreign Office was minimal, suggesting a perceived inability to restrain their excesses and a clear lack of direction and leadership. The department’s limited response can also be interpreted as part of a hardening of the British government’s attitude towards Iran and an extension of Cripps’ belief that improving Britain’s economic position needed to take priority over all other goals. Iran’s financial woes were exacerbated further when, during an October/November visit to the United States, the Shah proved unable to secure a guarantee of support should his country’s economy collapse. This promise would have provided a degree of security for Iran and without it the Iranian government appeared at the AIOC’s mercy, a situation which inspired popular condemnation.

With the Shah in Washington, Mussadiq, recently freed from house arrest, and other nationalist leaders seized the opportunity to protest against the unrepresentative nature of Iranian politics and British power by attempting to occupy the Imperial Palace. On October 13, a crowd of several thousand had gathered outside 109 Palace Street. To ease divisions between the distinct political groups present Mussadiq took to a megaphone and declared “silence is our slogan!” Initial efforts to enter the Palace were rebuffed by Colonel Shafaqqat, commander of the Imperial Guards. However, after much negotiation twenty representatives were symbolically allowed into the Palace to stage a basti, or sit-in. The bastis represented a broad cross section of Iranian political society. Alongside the constitutionalist Mussadiq were Islamists, including Hossein Emami of the Warriors of Islam, and centrists, like Majlis deputy Hossein Makki. The diversity of their beliefs demonstrates that opposition to the AIOC was not confined to one single political entity, but rather spanned Iranian political society. While the Tudeh, the last major nationalist movement, had a clear Marxist bent, which precluded moderates and some Muslims from engagement, the emerging coalition was largely free from any explicit ideology, except greater Iranian sovereignty. William Roger

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647 Lawford, Tehran, to Foreign Office, 26 Sept 1949, FO 248/1489 NA.
648 Goode, United States and Iran, 56-57.
649 Ibid.
651 The broad and diverse makeup of this group provides further evidence of the trends within nationalist movements identified by Gellner and the social mobilisation of previously oppressed or voiceless peoples by Deutsch. It is, however, notable that of the group’s leaders were generally from a background steeped in politics having previously served in the Majlis. There is little evidence at this stage to suggest that nationalism had permeated Iranian society, rather it was cosmopolitan and remained wedded to urban intellectuals and industrial workers. The most obvious exception to this was Emami, whose presence suggests that, unlike the Tudeh, the new nationalism could be embraced by Muslims and non-Muslims alike.
Louis suggests that “the oil question as on which Iranians from different backgrounds could unite in protest against the old order” and express themselves as Iranians before all else.\(^{652}\)

Once inside the Palace walls, the group intensified their protest by going on hunger strike, and releasing a statement railing against corruption and the misappropriation of “Iran’s dearest assets.”\(^ {653}\) The hunger strike lasted for just three nights, but stoked the imagination of the Iranian people. Still unnamed, the group were given the title melliyum, or ‘of the people’ by the popular press, indicating a growing support base.\(^ {654}\) On 23 October, Husain Fatemi, an ally of Mussadiq and one of the twenty bastis, published an article calling for “a strong party or a powerful front” to seize control in Iran. Concurrently, the creation of the ‘National Front’ was announced, establishing the first unified, bipartisan nationalist opposition to not only the AIOC, but also British intervention in Iran more generally.\(^ {655}\) This was followed a month later by the assassination of former Prime Minister, the relatively pro-British, Abdol Hussain Hazhir, demonstrating an emerging volatility.\(^ {656}\)

The formation of the National Front marked the beginning of a new, important stage in Iranian history. While the AIOC and British government had previously been able to limit opposition through legislative processes and direct intervention in social movements, the broad and popular nature of the Front’s support meant that this was no longer possible. The National Front’s message was a simple one of self-governance and control of Iran’s most precious resources. This message was vital in fulfilling Ernest Gellner’s condition that national legitimacy can only be achieved by instilling confidence that a new system of governance would be “less corrupt and grasping, or most just and merciful” than its predecessor.\(^ {657}\)

While the Tudeh had grown powerful thanks to its nationalist tendencies it had been crippled by a lack of resilient leadership and a portfolio of interests which was difficult to sell to the Iranian public. The National Front, however, transcended ideological politics by committing itself solely to Iranian nationalism and the removal of all traces of foreign influence. This singular vision helped to unify disparate groups under a single banner and offered a simple solution for Iranian ills. Although the Front was undoubtedly an uneasy alliance, the very fact that it was formed illustrates the depth of opposition to British policy and perceived state corruption. The emergence of this new, viable nationalist vehicle also indicates the failure of British policy in Iran. Just six months before Michael Wright had dismissed warnings of rising popular unrest as “nonsense”, indicating a continuation of British arrogance when dealing with “excitable” oriental people deemed incapable of understanding national unity.\(^ {658}\) In the months that followed the Foreign Office

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\(^ {652}\) Louis, *The British Empire in the Middle East*, 649.

\(^ {653}\) Katouzian, *Mussadiq and the Struggle for Power*, 73.

\(^ {654}\) Ibid.

\(^ {655}\) Ibid., 74.


\(^ {658}\) E. A. Berthould to Wright, Record of a Conversation with Mr. Enami, Persian Government Delegate to the Anglo-Iranian Oil Company, 8 April 1949, FO 248/1489 NA; Le Rougetel to Bevin, 24 April 1947, Enc. ‘Report by the President of the WFTU Delegation’ (undated) FO 248/1477 NA.
repeatedly failed to adequately respond to growing pressures or to successfully collaborate with the Iranian government to develop a new policy. It is notably that the British continued to remain fixated by the idea that they could provide “guidance” and “friendly advice to the Iranians, but to do so a “man of strong personality” may be required to force through the Supplemental Agreement and quash nascent nationalism.659 Although the British had purported the necessity of inclusive democracy in Iran, such noble goals were falling by the wayside and they now appeared unbending and unconciliatory in their dealings with Tehran.660

This was particularly clear in the attitude adopted by the AIOC. Having been given a free hand by the British government, the company proved impossible to manage and uncompromising in its dealings with the Iranians. That their approach began to shift following Bevin’s intervention suggests that the Foreign Secretary still carried some weight of influence, however, occupied by events elsewhere, he routinely failed to use it. Instead communication between the Foreign Office and AIOC relied upon indirect channels and intermediaries: rendering cooperation impossible. Communication between government departments fared little better. The division between the Treasury and Foreign Office on matters pertaining to development suggests a lack of a singular vision and whether policy should be based on profitability or ideology. In Iran, this debate would grow in importance with every National Front success and yet, damningly, remained largely unresolved.

Conclusion

In the three years between the Tudeh uprisings and the formation of the National Front, British policy in Iran underwent great shifts. The twin goals of harbouring a new trade union movement and instituting development projects had largely slipped by the wayside, deemed too costly and scuttled by ineffective leadership. Increasingly, the AIOC had become unrestrained and, as seen in their negotiations with the Iranian government, attempted to create an agreement that bore the hallmarks not of transnational cooperation, but informal domination. The domestic political and economic situation in Iran had undoubtedly exacerbated tensions. The Shah, unsure of his own position and politically inexperienced, successively undermined the authority of the Majlis, which was itself a chaotic organisation. That Iran had five Prime Ministers in little over three years speaks volumes about the country’s disorganised political system and the depth of internal division. Economic conditions there were little better with even the most basic foodstuffs subject to inflationary pressure.

659 Louis, *The British Empire in the Middle East*, 633-634

660 Perhaps the most clear example of British “cabinet making” at this time comes from Michael Wright who, noting that “the situation is extremely disquieting” suggested that a “strong Prime Minister is required.” In turn, Permanent Under-Secretary, Sir William Strang, questioned “how does this square [with the] policy of non-intervention?” It should be noted that Bevin did not formally endorse this recommendation, however, he did not refute it either and offered little substantive action to revive his efforts to reenergise Iranian civil society. Michael Wright, Foreign Office Minute, 2 December 1949, FO 371/75468; ibid., 635.
The emergence of the National Front, a nationalist movement drawn from across the political spectrum lends itself to Henri Grimal’s analysis of decolonisation and the end of empire. Grimal asserts that European empires collapsed as a result of native people unifying to seize power and determine their own future. Undoubtedly something of a romantic notion for Grimal, it is one that has been greatly refined by modern scholars, not least by John Darwin. Darwin asserts that Britain’s postwar colonial policy can be divided into two clear categories. From 1945 to 1948, the British looked to bolster their hold over the colonies and retrench their position there through economic and development schemes. In this sense “the signs of British domination...would be replaced by tactful self-effacement.” Subsequently, from 1948 onwards, economic imperatives meant that this approach was no longer feasible and development efforts were cut back, even while efforts to exploit foreign resources held strong. In turn, popular anger rose and British power waned. This process is referred to be which as the “subordination” of Labour’s internationalist principles, though entrenched in the party’s history, “to practical considerations” as economic circumstances forced them to become less ambitious in reforming the empire, formal or otherwise.

By 1949 the Supplemental Agreement had become a popular symbol of British meddling in Iranian affairs and of their informal hold over the country. Though it would be incorrect to suggest that Iran was on the verge of revolution, discontent was growing stronger and increasingly vociferous. This situation was not eased by the AIOC, which pursued a defiantly single-minded policy and repeatedly refused to enter into collaboration with the Iranian government. The Foreign Office failed to control the company and struggled to create its own vision for the future of Iran. Meanwhile, the Exchequer supporter it as a means of maintaining the AIOC’s capital flow. Britain’s development policy in Iran had failed. It had both misunderstood the nature of the challenges facing Iran and exaggerated the urgency of reform because of the important of the country’s oil supply, which by 1948 was readily identified as a sustainable and consistent source of both energy and income. As a result there had been little to no discussion as to the nature of development in Iran, its long term aims, or the desired outcomes there.

A similar pattern has been identified by Crook in Africa’s Gold Coast. Here, he argues, “the London-inspired policy of preparation for ‘self government’ did not seem to have prepared anyone for the idea that the government would be handed over to people despised only the previous year are unrepresentative and irresponsible agitators.” Additionally, Joseph M. Hodge has suggested that by focusing on “substandard living standards and inadequate government services” as the principle reasons for African discontent, the Attlee government viewed development as a series of “technical problems that were remediable by large scale government planning and state directed welfare schemes.” In Iran, as in Africa, these efforts negated

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662 Darwin, Britain and Decolonisation, 112.
664 Crook, ‘Decolonization, the Colonial State and Chieftaincy,’ 84-85.
to consider the needs and desires of the local population, reinforcing a sense of disunity between the metropole and peripheries of the empire.

Britain’s precarious economic position had exacerbated disunity and hindered collaboration with the Iranian government. Those development efforts that were in place were rolled back and with Bevin preoccupied with events in Europe there were little impetus to remodel or improve them. Part of the informal empire, Iran received Britain’s attention as a source of great mineral wealth, but with none of the benefits of Whitehall taking responsibility for the economic or social situation there. Economic difficulties also exposed rifts between the AIOC and Whitehall. With the government seeking to reap ever more benefits of the company’s activity, AIOC directors looked for new sources of funding and sought to establish a policy beyond London’s remit. Perhaps the most important source of British strength in Iran, this changing dynamic could greatly weaken Britain’s position there and have great ramifications in the immediate future.

A more subtle, but no less important, change in this period was the emergence of Max W. Thornburg. Although still a marginal figure in Iran, he was, as one of the few Americans operating there, emblematic of the possibilities for the United States’ private sector there. Recognising that British power was diminishing, and hoping to prevent Iran falling into or civil war, Thornburg sought to encourage American investment in the country. It would be a mistake to see Thornburg as a barometer of change given his limited direct power. However, his appearance in Iran was identified locally as an indication of growing interest from the American private sector and, possibly, as an indicator of future American investment in Iran. Again, the British government failed to adequately respond to this. While London eyed the United States with suspicion, they made few plans to maintain competitiveness and missed several opportunities to form new partnerships in Iran to strengthen their position.

With 1950 approaching, Britain was at a crossroads. Nationalist pressure and growing American interest in Iran added a new dimension to the necessity of maintaining control of a valuable dollar earner. However, changing government policy risked both alienating the AIOC and surrendering control of oil, one of the empire’s most valuable and sought after commodities. This challenge would shape British policy for the next two years and, unresolved, would lead to the collapse of their position in Iran as the AIOC was nationalised and the United States became arguably the predominant foreign power there.
Chapter IV: The United States and the Collapse of British Power in Iran

As chapter three demonstrated, by the end of 1949 British power in Iran was receding: undone by mismanagement, fiscal constraints, growing domestic nationalism and pervasive orientalism. Although the nascent trade union movement had been silenced, little had been done to deal with the root causes of popular discontent, which continued to grow amidst financial dislocation and perceived AIOC intransigency.

This chapter will argue that British power in Iran continued to dwindle, eventually collapsing due to two factors. First, throughout 1950 and 1951 British policy was inflexible and relied too heavily on the AIOC. While British Colonial policy in Africa bore the hallmarks of a dynamic development strategy, in Iran policy was repetitive and riddled with internal conflicts. Second, in spite of warnings to the contrary from Washington, both the British government and AIOC board of directors failed to recognise the strength of the nationalist fervour gripping Iran or adequately respond to it. British decline took place against a backdrop of growing American interest. During 1950 and 1951 the Truman government attempted to act as a mediator between Tehran and London and to maintain stability as a safeguard against communism. With British power waning the United States begin to displace its ally, undermining London’s prestige and, eventually, dictating the terms of settlement following the Anglo-Iranian Oil Company’s nationalisation.

To justify these claims this chapter will be divided into four subsections. The first will analyse the USA’s early Cold War policy, both in Iran and elsewhere. The second will assess British policy towards Iran under the Sa’ed and Mansur governments, alongside their respective failure to ratify the Supplemental Oil Agreement. The great hopes placed on General Ali Razmara’s tenure will then be studied in subsection three, together with an analysis of the deterioration of Anglo-Iranian relations and the United States’ response to this. Finally, the prelude to the AIOC’s nationalisation will be analysed to demonstrate Britain’s relative decline in power, vis-a-vis the United States.

American Foreign Policy and the Globalisation of the Cold War

An Emerging Policy of Firmness

On January 7, 1949, President Truman announced General George C. Marshall’s resignation as Secretary of State, choosing Dean Acheson as his replacement. Reflecting on his nomination Acheson would later record: “wherever one turned, what little was left of social, economic, and political stability seemed about to be submerged. The other world superpower appeared determined to push this process forward in the apparent belief that chaos was the stage preparatory to communism.”666 Acheson was not alone in this pessimistic

666 Acheson, Present at the Creation 257.
Rather, it reflected a wider trend in American diplomacy and an extension of the belief that communism would be spread not through active conflict, but the exploitation of economically and socially fractured states. According to Cold War historian Melvyn Leffler, American leaders believed that in the long term this would damage the United States because their “own political economy of freedom would be jeopardised if a totalitarian foe became too powerful.”

In 1945 the United States was the world’s foremost economic and military power and many leading politicians believed that positive wartime relations with the Soviet Union should be continued in peace. In conversation with then British Prime Minister Winston Churchill, President Roosevelt had boasted of his ability to forge strong relations with Moscow, suggesting “I think I can personally handle Stalin better than either your Foreign Office or my State Department.” Senator Arthur H. Vandenburg, the Republican spokesman on foreign affairs, agreed, stating: “I think our two antipathetical systems can dwell in the world together, but only on a basis which establishes the fact that we mean what we say when we say it.” Secretary of the Treasury Fred M. Vinson drew similar conclusions, telling Congress that “whether we wish it or not - we are at this very moment starting to lay a foundation either for another war or for true peace...in short we must have an intense and continuous interest.”

The diversity and bipartisan nature of these views suggest a sense of optimism and little antagonism towards the Soviet Union.

However, suspicion of the Soviet Union’s long-term intentions was widespread amongst career diplomats. First, the Soviet occupation of much of central and eastern Europe after World War Two had raised fears of territorial aggrandisement. Second, and perhaps most importantly, the USSR was the central hub of communism, an ideology that American strategists feared could be embraced by the economically destitute in Europe and beyond. While Moscow did not yet possess long distance aircraft or access to atomic weapons, it did pose something of a spiritual threat to democracy and capitalism. Exacerbating these concerns further was the rapid growth of communist party membership in Allied zones of occupation in the months following.

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667 David S. McLellan suggests that Acheson’s belief in the Soviet Union as “an aggressively imperialist state seeking to impose its domination where it can and sow confusion and disintegration where its grasp falls short” was a fundamental aspect of his outlook, and a key aspect of the United States’ approach in the early Cold War. David S. McLellan, “The “Operational Code” Approach to the Study of Political Leaders: Dean Acheson’s Philosophical and Instrumental Beliefs,” Canadian Journal of Political Science, 1 (March, 1971), 58.


669 Leffler, A Preponderance of Power, 13.


the end of World War Two. Similarly, Soviet intransigence during postwar peace and redevelopment discussions helped to create a sense that cooperation was temporary and doomed to fail in the long run. This was reinforced most clearly by an electoral speech delivered by Stalin that pointed to the inevitability of war breaking out between capitalist states.

Perhaps the most important manifestation of American suspicion towards the Soviet Union was charge d’affaires to Moscow, George F. Kennan’s ‘long telegram’, an 8,000 word dispatch sent on February 22, 1946. In the realms of diplomacy it is rare that one document, written by one individual can encapsulate ideas of such significance. The telegram was an investigation of the basis of American-Soviet relations during and after the Second World War, and suggested that the integrationist approach adopted by President Roosevelt had been incorrect and potentially damaging. Soviet leaders saw the world beyond their borders as “evil, hostile and menacing”, providing an excuse for action which could be perceived as hostile in the United States. Furthermore, Kennan indicated that there could be no compromise or permanent resolution with a regime that used the specter of an external threat to maintain internal credibility. Kennan prescribed a new course of action, a policy of firmness, arguing that the United States should offer no further concessions to Moscow, but rather “draw a line” against Soviet expansion and bolster its allies to safeguard them from either invasion or subversion. This strategy of “firmness” would come to be popularly known as “containment.”

The ‘long telegram’ was widely read within diplomatic circles and many of its themes were popularised by the publication of ‘The Sources of Soviet Conduct’ in *Foreign Policy*, with Kennan adopting the pseudonym ‘X.’ Reflecting on the success of his work, Kennan would write: “if none of my previous literary efforts had seemed to evoke even the faintest tinkle from the bell at which they were aimed, this one, to my

673 Between 1939 and 1945 the Communist Party in Belgium grew from 9,000 to 100,000 members; in Holland from 10,000 members in 1938 to 53,000 in 1946; in Greece from 17,000 in 1935 to 70,000 in 1945 and in Italy from 5,000 members in 1943 to 1.7 million by the end of 1945. Similarly, in France and Finland the Communist Party vote was already some twenty percent of the electorate by 1945. See: Paolo Spriano, *Stalin and the European Communists* (London, 1985), 238 and Adam Westoby, *The Evolution of Communism*, (Cambridge, 1989), 14-15. For details regarding the Soviet occupation of Europe see Leffler, *Preponderance of Power*, 25-55.

674 William Taubman described the Soviet policy as an intermediate stage of detente which sought to exploit the natural fractures between Western nations. Indeed, he argues that Stalin was surprised by the United States’ resolve and willingness to adopt policies which could be interpreted as detrimental to their immediate interests in *Stalin’s American Policy: From Entente to Detente to Cold War* (New York 1983). See also: Evan Mawdsley, *The Stalin Years: The Soviet Union, 1929-1953* (Manchester, 2003), 29; Vladislav Zubok and Constantine Pleshakov, *Inside the Kremlin’s Cold War: From Stalin to Khrushchev* (Cambridge Mass, 1996). A full transcript of Stalin’s speech to a ‘Meeting of Voters of the Stalin Electoral Ward, Moscow’ dated 9 February 1946 is available via the Wilson Center at http://digitalarchive.wilsoncenter.org/document/116179.


676 Note: While Gaddis establishes Kennan, and later Dean Acheson and Paul Nitze, as the driving force behind the USA’s hardening resolve, Edwards Spaulding argues that President Truman was himself responsible for turning American-Soviet relations into something approaching “the struggle between freedom and communist slavery.” In Iran specifically, Truman’s role was of minimal importance. A nation at the very fringes of American interests, policy there was shaped entirely by State Department officials. John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy* (New York, 1982); Elizabeth Edwards Spaulding, *The First Cold Warrior: Harry Truman, Containment and the Remaking of Liberal Internationalism* (Lexington, Kentucky, 2006), 216.

677 Note: Secretary of the Navy James V. Forrestal reproduced hundreds of copies of the telegram for distribution in administrative and media circles, viewing it as the foremost interpretation of the Soviet threat, see Melvyn P. Leffler, *Preponderance of Power*, 108-109; X, ‘The Sources of Soviet Conduct,’ *Foreign Affairs* 25 (July, 1947).
astonishment, struck it squarely and set it vibrating with a resonance that was not to die down for many months."\(^{678}\) Although popular, and clearly influential, Kennan’s ideas should not be interpreted as a blueprint for action. Rather, as Wilson S. Miscamble has argued, he envisioned a flexible strategy of response on a case-by-case basis.\(^{679}\) However, as John Lewis Gaddis suggests, Kennan’s ideas for a limited process of containment were gradually rejected in favour of a unified global strategy to both resist the march of communism and defend the United States.\(^{680}\) In this sense, Kennan’s emphasis of “firmness and patience” was gradually reduced to a focus on “firmness” and constant pressure on the Soviet Union.\(^{681}\) The Middle East was identified as an area of particular importance given both its wealth of natural resources and valuable position between Europe, Asia and Africa.\(^{682}\) Diplomatic historian James F. Goode proposes that Iran itself was readily identified as a key “bulwark against Soviet expansion” and argues that American policy makers valued its independence from communist interference for national security reasons.\(^{683}\)

Resistance to communist expansion was generally economic, rather than military in nature. As Robert A. Pollard suggests, American policy makers saw the expansion and integration of foreign economies as the optimum means of securing international peace. By stabilising markets and promoting economic growth, material prosperity could be achieved, which in turn would diminish the chances of either open warfare or communist infiltration.\(^{684}\) In Pollard’s analysis schemes such as the European Recovery Plan, or Marshall Aid, demonstrate the United States’ commitment to international economic stability. Similar conclusions are drawn by Leffler and Michael J. Hogan, who suggests that the United States sought to promote collective security through a “corporative world order” and the integration of economic, public and political bodies.\(^{685}\) Between 1947 and 1949 the perceived Soviet threat grew increasingly pronounced and populist in tone, foreshadowing the McCarthyist ‘witch hunts’ of the early 1950s.\(^{686}\) However, even as the rhetoric in


\(^{681}\) Ibid., 22.


\(^{683}\) Goode, *The United States and Iran*, 18-19.


\(^{685}\) Corporatism can be broadly be defined as both an effort to understand the economic as well as ideological influences on diplomatic strategy and a means of understanding the organisational dimension of decision making. Indeed, Hogan proposes that corporatism is concerned with “functional elites”, characterised by their diversity of interests, rather than “the governing classes” i.e. elected officials and civil servants. In this sense, Hogan and Leffler recognise the interplay between the public and private sectors and their respective influence on international conditions and diplomacy. Melvyn P. Leffler, ‘National Security,’ Michael J. Hogan and Thomas G. Paterson eds. *Explaining the History of American Foreign Relations* (Cambridge, 2004), 127-129; Michael J. Hogan, ‘Corporatism’ *Journal of American History* 77 (June, 1990), 153-159.

Washington hardened, action remained restrained by fiscal considerations. Projects such as Marshall Aid, the North Atlantic Treaty and the Point Four program won support from conservatives, including Edwin C. Nourse, chair of the Council of Economic Advisors, for sharing the burden of international defence and helping to establish an "economic pattern of security." This view was rebuked by the State Department, which identified increased military expenditure as essential for American security. On 29 September 1949, the National Security Council released a report suggesting that budget ceilings for the fiscal year 1951 should be raised by between $1.3 and $2.1 billion, allowing for spending beyond the $17.8 million ceiling. When combined with indirect military spending such as veterans' payments, military and international programmes would constitute over seventy percent of the budget for the new fiscal year.

As the House of Representatives sought a compromise over the new budget, hawks within the Truman administration released their strongest statement on national security: NSC 68, the findings of which were substantiated by ongoing developments overseas. "During the last six to nine months", Acheson explained in March 1950, "there had been a trend against us which, if allowed to continue, would lead to a considerable deterioration in our position." Not only had China fallen to communism, but the Soviet Union had successfully tested a nuclear device, raising new questions as to American security. Furthermore, and somewhat less tangibly, communism seemed to be attracting support across the globe, particularly in the developing world. Personnel changes paralleled the hardening strategy. Paul H. Nitze, referred to by New York Times journalist James Reston as "almost too 'hard-charging' for even his close friend at State, Secretary Acheson", was asked to replace Kennan as head of the Policy Planning Staff and Nourse was replaced by Leon Keyserling, a "guns and butter Keynesian", as chair of the Council of Economic Advisors. Indeed, Acheson's own appointment can be interpreted as testament to a hardening resolve within the administration.

In Iran the United States’ postwar policy deviated little from the pattern above. As mentioned in chapter three, Tehran’s calls for American financial support had been unanimously rejected. Although neighbouring Turkey had received aid through the Truman Plan, Iran was not deemed essential to American security, or at

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687 'Economic Implications of Military Preparedness,' Nourse Speech, 24 August 1949, Harry S. Truman Papers, PSF-Subject File, Box 143, Folder: ‘Council of Economic Advisers’ HSTL.


693 James Reston, Deadline: A Memoir (New York, 1991), 187; David Callahan, Dangerous Capabilities: Paul Nitze and the Cold War (Scarborough, Canada, 1990), 432; Hogan, ibid., 286.
immediate risk of communist takeover and the State Department instead recommended that Iran apply to the International Bank for Reconstruction and Development (IBRD).\textsuperscript{694} Iranian advances suffered from the IBRD’s cautious approach and unwillingness to loan capital to undefined development goals, however Tehran’s initial approach was vital in establishing links between American surveying firm Morrison-Knudsen and the Overseas Consultants Inc., with the former becoming a vital cog in devising the Seven Year Plan. The OCI was also essential in providing a platform for Max Weston Thornburg, the United States’ foremost citizen in Iran.

However, although Iranian efforts to coax aid from the United States were rebuffed the country’s future remained under constant review, culminating, in February 1950, with the dispatch of deputy director of the Office of Greek, Turkish and Iranian Affairs, William Rountree to analyse the economic and political situation there. He noted a scarcity of food and capital, thanks to poor harvests and the Majlis’ refusal to ratify the Supplemental Agreement, and suggested that the Seven Year Plan was unduly ambitious for a largely agrarian state.\textsuperscript{695} Rountree also suggested that the Tudeh still posed a threat, thanks to upwards of 12,000 members and strong ties with Soviet Russia.\textsuperscript{696} British communication from the same period fails to mention the Tudeh in any capacity and Abrahamian argued that the Iranian government perceived the organisation to be “dead and buried.”\textsuperscript{697} A similar view is taken by Homa Katouzian who suggests that while fractions of the party remained, they were beset by infighting and lacked strong leadership.\textsuperscript{698} This suggests that Rountree either mistakenly overestimated the Tudeh’s residual strength or did so intentionally to link Iran to a wider narrative of Soviet pressure in the developing world, thereby highlighting the country’s potential strategic weakness. By drawing links between Iranian vulnerability and the USSR, Rountree was able to insure that Iran took on new importance as a potential weak spot where communism could fester.

As American thinking developed, so too did their attitude towards the Anglo-American relationship and British interests in the Middle East. In February, Henry R. Labouisse, director of British Commonwealth and Northern European Affairs, argued that while American diplomats needed to “understand and recognize, in our actions, how difficult it is for the British to accept their decline from a position of world leadership and the shift of the centre of power across the Atlantic” they must also regard “harmonious” relations with Britain as “fundamental”, stressing that “there is no area of the world we do not need British help and cooperation.”\textsuperscript{699} In Iran itself, Ambassador Wiley discouraged American firms from seeking to become

\textsuperscript{694} James F. Goode, \textit{The United States and Iran, 1945-1951} (London, 1989), 38-41; Frank A. Southard Jr. Oral Interview (1973) HSTL.

\textsuperscript{695} The Deputy Director (Rountree) to the Director of the Office of Greek, Turkish and Iranian Affairs (Jernegan), 23 March 1950, \textit{FRUS}, 1950 Vol. V The Near East, South Asia and Africa, 491-499.

\textsuperscript{696} \textit{Ibid.}, 492.

\textsuperscript{697} Abrahamian notes that the Tudeh had something of a revival in February 1951, in the wake of a series of oil strikes. It is perhaps possible that Rountree was estimating the Tudeh’s latent support base, however, a more rational explanation is that the term ‘Tudeh’ was used as a blanket term for the emerging nationalist groups, one with helpful Marxist connotations. Abrahamian, \textit{Iran Between Two Revolutions}, 318.

\textsuperscript{698} Katouzian does however note that the remaining Tudeh loyalists forged increasingly strong links with Moscow, possibly reinforcing Rountree’s views. Katouzian, \textit{Mussadiq and the Struggle for Power in Iran}, 84.

\textsuperscript{699} Henry R. Labouisse Jr. to G.W Perkins, Bureau of European Affairs, State Department, 27 February, 1950, RG 59/611.41 NARA.
involved in oil excavation and suggested to the Secretary of State that “American petroleum representatives should keep out of Iran.” Wiley received support from other Ambassadors in the region and minutes taken during internal State Department talks in November 1949 demonstrate the depth of American efforts to avoid encroaching on British interests. Not only were “the general objectives of the United States and [the] UKG [United Kingdom Government] basically the same”, but the United States “had no desire to compete with or to hinder the United Kingdom in the Middle East.”

This view was reaffirmed in a memorandum from March 1950, prepared in advance of talks between Acheson, United States’ Ambassador to Douglas Lewis W. Douglas and Britain’s Ambassador in Washington, Sir Oliver Franks. In this document, Britain was identified as the nation which “best meets the test of being reliable, basically friendly and having the same long-run objectives.” However, it also noted that “the British must make efforts to enlarge the scope of their consultation with us. Since it is clear that the British cannot recapture a sound economic, or for that matter political and strategic position, without the support of the US they must accept wholeheartedly the necessity for collaborative action.” This document clearly illustrates the United States position towards Britain in early 1950: London was still an ally, but its goals were secondary to those of the USA and it should avoiding taking an independent approach to foreign policy.

William Roger Louis and Ronald Robinson refer to this process as “the imperialism of decolonisation” and argue that “British imperial power was substantially an Anglo-American revival.” In this sense, the British Empire became reliant on serving a utilitarian purpose for the United States, helping them to implement policy in regions where they had little direct influence or contact. London was undoubtedly the lesser partner in this relationship, as Bevin himself realised: “in all fields in which the United States makes the major contribution, whether financial, military or otherwise, it is inevitable that proportionate weight must be given to her views.” While the United States had historically taken a dim view of colonialism, in the era of the Cold War it was viewed as a tool for the preservation of order, stability and global capitalism itself.

In the Middle East specifically, Britain was able to maintain its position of primacy on the proviso that it operated in a manner favourable to American interests. In some respects this expectation of British behaviour

700 John C. Wiley to the Secretary of State, 15 January 1950 & John C. Wiley to the Secretary of State, 20 January 1950, RG 59/888.2553 NARA.
701 Pinkerton to the Secretary of State, 11 May 1950, RG 59/888.2553 NARA.
702 George McGhee and Michael Wright, ‘Summary of Discussions on the Near East,’ 14-17 November 1949, RG 59 611.41 NARA.
703 Background Memorandum for Meeting Between the Secretary of State (Acheson), Ambassador Douglas and Sir Oliver Franks, 7 March 1950 RG 59/611.41 NARA.
704 Ibid.
706 Ibid., 462.
707 Such was the United States traditional antipathy towards the empire that Louis and Robinson describe it as “Beezlbub.” Ibid., 499.
was a continuation of the spheres of influence approach to international governance proposed by Franklin D. Roosevelt, and a wider pattern in Anglo-American relations.

During and after the Second World War, David Reynolds defined relations as being driven by “competitive cooperation” and “continual maneuvering for advantage.” These findings are also reflected in Robert Hathaway’s description of an “ambiguous partnership” between the two nations: although allies with often interwoven policies their core outlooks were not analogous, but rather independent and based largely on national interest. In the United States, British interests were respected when they were concurrent with Washington’s own policy, and ignored where they opposed it.

Max W. Thornburg and the Corporatist Approach to American-Iranian Relations

One particular area of Anglo-American “competitive cooperation” was the control and distribution of mineral wealth and raw materials. As Petroleum Coordinator for National Defense, Harold Ickes had sought to facilitate closer cooperation between the United States government and the oil industry, and in June 1941 successfully lobbied Attorney General Biddle to suspend antitrust suits against oil companies as a matter of national security. To strengthen the ties between the state and oil industry, Ickes had staffed his office with current and former oil executives, including Ralph K. Davies, senior vice-president of Standard Oil of California, who served as deputy coordinator and recruited over three quarters of his personnel from within the oil industry; much to the chagrin of liberal critics such as the New York Times. According to David Painter, those who served under Ickes generally maintained salaries or pensions from oil companies and thus, while officially government servants, had a potential conflict of interest.

In August 1942 Ickes publicly presented a plan for a federal agency to galvanise the oil industry, both domestically and overseas. The body, to be called the Petroleum Administration for War (PAW), was rubber stamped by President Roosevelt on December 2, 1942 and gave Ickes the authority to govern the production, transportation and distribution of petroleum. Although Ickes experimented with changes to environmental legislation and even federal subsidies to improve domestic oil production, the main thrust of his policy was to expand American control of overseas oil resources. By 1943 petroleum products accounted for two-thirds of American exports and the Army-Navy Petroleum Board’s study ‘The Importance of Foreign Oil Reserves


713 Painter, Oil and the American Century, 12-13.

to the United States’ illustrated the potentially disastrous consequences of stock depletion. 715 Between 1939 and 1943 US oil consumption rose by 28 percent while known reserves increased by just 15.7 percent and the reserve/consumption rate fell from a high of 13.18 in 1941 to 11.74 in 1945, raising fears that the United States’ consumption rate was unsustainable. 716 Initially Ickes had hoped to expand Mexican production, however the State Department feared this would risk the United States becoming embroiled in the ongoing nationalisation of the Mexican oil industry and instead the focus for American planners became the Middle East, which not only contained over one-third of all known oil stocks, but the greatest prospects for future development. 717

The main obstacle to American expansion in the region was undoubtedly Great Britain. In February 1943, Ickes’ confidants W. S. S. ‘Star’ Rodgers, of Texas Oil, and President of California Standard, Henry D. Collier, issued a memorandum outlining the challenges faced by American oil companies and suggesting that “concern is felt over the rapidly increasing British economic influence in [Saudi] Arabia because of the bearing it may have on the continuation of purely American enterprise there after the war.” 718 The memorandum also made references to establishing an American monopoly in Saudi Arabia for reasons of national security. 719 Although Ickes called for the exertion of American strength to force Britain from the region, the State Department was unwilling to risk conflict with its ally, but called instead for a bilateral agreement to establish spheres of influence there. The Anglo-American Petroleum Agreement was signed on August 8, 1944, and, though never formally ratified by Congress, represented a compromise between Ickes, the oil industry and the State Department.

Complementing and refining Ickes approach to the United States’ petroleum order was the previously mentioned Max W. Thornburg. By the late 1940s Thornburg had some thirty years of experience in the international oil business, having worked for firms including Texas Oil Co., Standard Oil of California and Bahrain Oil, served as an advisor to the State Department and become a self-styled “foreign industrial consultant” to developing nations, including Mexico. 720 His time with Bahrain Oil had proven particularly fruitful: he had played a key role in securing new concessions in the Gulf State and was rewarded with the gift of his own private island, Umm as Sabaan, which he used both as a private residence and the headquarters for his Middle Eastern operations. The experience of working both within the American government and at the furthest fringes of the United States’ overseas trading network allowed Thornburg to become something of a bridge between the two worlds and to develop a network of contacts between them.

715 Reginald Stoner to H. A. Stoner, "The Importance of Foreign Oil Reserves to the United States," December 29, 1942, RG 334.12 NARA.

716 Painter, Oil and the American Century, 34 & 97; E.L. DeGoyler and L. MacNaughton, Twentieth-Century Petroleum Statistics (Dallas, 1980), 80.


719 Ibid.

Additionally, he expanded his influence through a stream of publications on matters pertaining to oil and international development.\footnote{Thornburg’s most commercially successful study was \textit{Turkey: An Economic Appraisal} (New York, 1949). Published in conjunction with studies by the Twentieth Century Fund into economic conditions in Brazil and Greece, this study served to analyse Turkey’s economy and opportunities for American investment there. Additionally, Thornburg proved an adept columnist, contributing to leading magazines, including \textit{Time} and \textit{Fortune}.}

Painter suggests that while the State Department hoped to establish an international petroleum settlement with Great Britain, in some respects expanding upon the conditions laid out in the 1944 Anglo-American Petroleum Agreement, Thornburg believed in a cooperative policy of mutual restraint between government and the private sector.\footnote{David Painter, \textit{Oil and the American Century}, 15-22} Under this system, Washington would not exercise formal control over foreign oil, but instead help to develop conditions favourable to overseas expansion through direct investment and programmes to enhance international stability.\footnote{Ibid.} In Iran, Thornburg hoped that the State Department and American private sector would work together to “graft selected western branches on to the Persian roots” and improve social development.\footnote{Max Thornburg - The Seven Year Plan, speech to the Iran-American Relations Society, Tehran 19 October 1949, RG 59/3.410 NARA} He suggested that the British had lost control in the country and the OCI’s model was the only one that was “based on first building a genuine organization capable of functioning in the economic field.”\footnote{Memorandum of Conversation, Razmara, Thornburg, Colonel Drury and Mr. Barnes, March 25 1950, RG 59/3.020 NRA} In turn, he believed Britain’s informal hold needed to come to an end. Thornburg, though recognising the AIOC’s implicit power, felt that their approach alienated “the people” and that the self-styled American “apostles of democracy” were required to liberate the oil market and improve the circulation of wealth.\footnote{Paul W. T. Kingston, \textit{Britain and the Politics of Modernization in the Middle East, 1945-1948} (Cambridge, 2002), 87-88; Max W. Thornburg, \textit{U.S. Oil Men: Apostles of Democracy} (Washington, D.C., 1946)} New oil concessions would, he hoped, increase direct investment in Iran and provide the capital needed to kickstart development.

It is notable that Thornburg seldom mentioned the role of the Iranian government in improving the country’s fortunes. Given his role as an independent “foreign industrial consultant” to a number of administrations in Tehran this appears to be perhaps a little paradoxical. However, it is reflective of his belief in the ability of private sector investment to raise living standards while simultaneously avoiding the trappings of bureaucracy wrought by the state. His role was therefore twofold: guiding Iran along the path to development and integrating United States’ security policy with private sector imperative, or “the adaption of our free enterprise system to changing world conditions.”\footnote{Max W. Thornburg to Henry Luce, 6 January 1946, quoted in Qaimmaqami, ‘The Catalyst of Nationalization,’ 4}

Historian Linda Qaimmaqami suggests that Thornburg was successful in this endeavour, so much so that he was the “catalyst” for the nationalisation of Iranian oil.\footnote{Ibid.} Qaimmaqami’s hypothesis draws support from a
wider literature regarding American expansion and the closeness of collaboration between actors from the private and public sectors. For example, Robert A. Pollard points to the United States’ emerging “reliance upon economic power to achieve strategic ends” as evidence of the growing closeness between diplomacy and capital. Most vital, however, is Michael Hogan’s corporatist explanation for the European Recovery Plan and his suggestion that the reconstruction of Western Europe was imagined and achieved through ready collaboration between the public and private sector: establishing a model of economic diplomacy that would be utilised internationally throughout the twentieth century. Quimmaqami suggests that Thornburg bought a similar approach to Iran, serving American interests there, even though he was not employed by the government in any capacity.

In Iran, Thornburg was offered the opportunity to fuse his interest in economic development, petroleum control and anti-statism in a single position. As Vice-President of OCI, Thornburg was permanently stationed in Iran and from 1949 onwards was perhaps the most eminent foreign citizen there. To the Iranian people, and indeed to many Iranian politicians, Thornburg was not a mere businessman, but an envoy of the American government. However, although Thornburg was on first name terms with many key figures on Capitol Hill, not least Dean Acheson with whom he had been in close contact since the mid-1940s, his position as an independent consultant enabled him to serve an advisor while remaining free from the constraints of political accountability. However, such autonomy also limited his direct influence both in Washington and Tehran. Although Quimmaqami suggests that Thornburg traversed between the capitals, holding court in both, there is limited evidence to demonstrate a sustained influence in either. Rather his authority was circumstantial and subject to fluctuation.

While Thornburg’s maverick approach in Iran was unorthodox, it was not entirely unique, but rather added to a pattern of expanding American influence overseas through mercantile activity. Historian of early American expansion overseas, Emily S. Rosenberg suggests that “during the 1920s, the Republican administrations of Harding, Coolidge and Hoover based their foreign policies on a presumed mutuality of interests of the public and private spheres”, which gave way to overseas expansion orchestrated by the private sector. Former State Department official Herbert Feis concurs, proposing that “the dollar was counted on” to expand American influence overseas provided entrepreneurs remained both expansionist and committed to the ideal of free trade. While the process of assisting and promoting commerce as a means of developing influence was most prominent in Latin America, it had also taken place in the Middle East, most notably in Saudi Arabia. In his study of American relations with Saudi Arabia, Irvine H. Anderson highlights the previously mentioned ‘Star’ Rodgers as a vital figure in the drive for greater American participation in the country’s oil


731 Rosenberg, Spreading the American Dream, 138

industry. Rodgers was “the prime mover” in efforts to “solicit government funding” and align the goals of the American petroleum industry with those of the government.\textsuperscript{733} Similarly, Everette de Groyler, a self-made petroleum tycoon, former State Department Advisor and associate at Royal Dutch Shell who had grown “bored with making money”, travelled to the Middle East to lobby on behalf of both the American private sector and government for cooperation on oil extraction and refinement.\textsuperscript{734} The oil in the region was, a member of his mission informed State Department officials, “the greatest single prize in all history” and would help to define the future of international affairs.\textsuperscript{735} It was, de Groyler believed, essential that the United States take an active role in the region, not only to improve private profits, but to prevent competitor nations gaining control over “the prize.”\textsuperscript{736} Acting upon his advice, an agreement between the Washington and Riyadh was eventually reached in February, 1944, demonstrating the ability of private individuals to influence foreign policy in areas generally deemed outside the bounds of formal American diplomacy.

Throughout the late 1940s American interest in Iran was evolving and becoming ever more expansive, in part thanks to Thornburg’s influence. However, despite his best efforts, there was no clear indications that the American Government sought territorial or economic aggrandizement there. Rather, Iran continued to be envisioned as part of a broader understanding of international relations and the United States’ defensive sphere. Although the emerging Cold War gave Iran new importance as an outpost, it was not seen as a potential site for investment. No less important, American policy makers did not seek to undermine British authority in an area generally recognised as vital to sustaining London’s international position. Rather, the Truman government looked to cajole their British counterparts into undertaking a favourable policy, thereby helping to maintain a mutual multilateral defensive framework.

However, American officials were not blind to conditions in Iran. Throughout 1950 concern towards British mismanagement grew stronger in Washington, running to parallel to wider fears of civil and economic strife opening the door to communist insurgency across the developing world. Increasingly, new pressure was put on London to shape and bend British policies to American designs. Determined to both maintain positive Anglo-American relations and a predominant position in Iran, Britain’s policy became ever more fragmented and incoherent. With domestic unrest reaching a critical point the United States took a greater role there, emerging as the leading foreign power through necessity, if not design.

\textsuperscript{733} Anderson, \textit{Aramco: The United States and Saudi Arabia}, 32
\textsuperscript{734} Daniel Yergin, \textit{The Prize: The Epic Quest for Oil, Money and Power} (New York, 2009), 374-376
\textsuperscript{735} Ibid., 375
\textsuperscript{736} Ibid.
1950: Continuing British Difficulties in Iran

The Sa’ed Government and Shepherd’s Arrival

The first month of 1950 was challenging for Anglo-Iranian relations. On January 12 the government resigned, forcing Prime Minister Muhammad Sa’ed to assemble a new, uneasy coalition. The popular reaction to this was undoubtedly negative: Ambassador Le Rougetel suggested that “most papers [are] taking the line that this is not a government from which a serious improvement in the state of the country can be expected.” Fearful of rising nationalism, Sa’ed opted to exclude these factions and instead relied on confidants and cronies to form his cabinet, hindering “any great hopes of reforms or progress.” The veteran Prime Minister did, however, maintain support from the Royal Court. In correspondence with Clement Attlee, Le Rougetel suggested that the Shah “went as far as to say that Muhammad Sa’ed was probably the only man who would undertake to submit the present agreement to the Majlis...because he had given his word to that effect.” Sa’ed, it seemed, was willing to fall on his sword and carry out an unpopular policy for what he saw as the good of Iran. He was, according to Le Rougetel, the only figure “prepared to shoulder the unwelcome responsibility of accepting even this increase of royalty payments in settlement of all outstanding grievances.” The second challenge was Le Rougetel’s decision to succeed Sir George Rendel as Britain’s Ambassador to Belgium. Although his tenure had come during a time of near unprecedented difficulties in Anglo-Iranian relations, Le Rougetel had proven himself to be an adept administrator, whose approach was typified by sober realism and objective reporting. He had, unlike his immediate predecessor Reader Bullard, refused to rely on orientalist stereotypes, despite the propensity of British officials to do so. If his time in Tehran had one noticeable failure, it was undoubtedly his inability to build strong communication links with the still-rogue Anglo-Iranian Oil Company.

Le Rougetel’s replacement was Sir Francis Shepherd who, despite a long career in the diplomatic service, had little expertise in Middle Eastern affairs and was, in the words of Roger Louis, “a man of modest and stable intellect, and he possessed the British virtue of imperturbability.” His previous posting had been in the Dutch East Indies, where he had endured ongoing civil unrest and an attempt on his life. With this in mind Bevin promised his next posting would be in “a place where we never have any trouble with the natives”, a statement that highlights undeniable naivety towards conditions in Iran. In the weeks following his appointment Shepherd travelled to Tehran via Cairo, Beirut and Baghdad to “get the atmosphere of the

737 Le Rougetel to Foreign Office, 12 Jan 1950, FO 371/82310 NA
738 Le Rougetel to Attlee, 19 Jan 1950, FO 371/82310 NA
739 Ibid.
740 Le Rougetel to Attlee, ‘Report of Audience with the Shah on 1 February 1950’ 1 February 1950, FO 371/82310 NA
741 Ibid.
742 Louis, The British Empire in the Middle East, 637
743 de Bellaigue, Patriot of Persia, 160
place.” 744 Upon arriving in Iran, Shepherd’s views of “the oriental character” quickly became clear. 745 In April, having been in Tehran for little over a month, for example, he recorded that “Persian cynicism and pessimism, combined with a tendency to confess to their own shortcomings, is apparently less a passing phase than a permanent weakness.” 746 This focus on a perceived lack of fortitude amongst the Iranian people and complacency towards Britain’s position there was routinely reinforced throughout Shepherd’s tenure and mirror similar comments made by Reader Bullard during his time as Ambassador. 747 Leading American diplomat and former Ambassador to London, Averell Harriman would later comment that Shepherd had a “nineteenth century colonial attitude about Iran” and was something of an “unimaginative fellow...[who] seldom saw the mathematics of things.” 748 He, and indeed the British government generally were, “about a year late, or nine months late, in everything they did.” 749 As will be demonstrated, Harriman’s assessment was largely correct and Shepherd, blindsided by prejudice, proved unable to grasp the gravity of the crisis facing Britain in Iran until it was too late.

With Shepherd in transit, charge d’affairs Valentine Lawford was left to continue negotiating details of the Supplemental Agreement with the Shah. He reported to Bevin that the Shah remained resolute in his determination to improve social and economic conditions throughout Iran, but “had come to the conclusion that unless and until the Supplemental Agreement were [sic] dealt with by the Majlis and got out of the way, there was little hope of putting his ideas in practice.” 750 This was not solely a matter of finances, rather the Shah recognised that “it was desirable to get the agreement out of the way before instituting reforms which would be bound to incur strong opposition in the country.” 751

However, despite his supposed support for the Supplemental Agreement, the Shah was “not at all optimistic about its chances of being accepted by the Majlis as it stood” and instead proposed that “the Majlis might be brought to express their willingness to ratify it on the understanding that the government would ensure that certain modifications were made in it.” 752 At no point were these modifications plainly outlined by the

744 Sir Francis Shepherd, Never Trouble Trouble (unpublished), 12
745 Shepherd to Sir William Strang, 6 April 1950, FO 371/82311 NA
746 Ibid.
747 By his own admission Shepherd had no experience of Middle Eastern politics raising questions as to why he was appointed. He was undoubtedly a seasoned veteran on the international stage and was, having served posts in Germany, Spain and Indonesia, something of a “professional diplomat” according to Time magazine. It was no doubt expected that he would be able to bring this wealth of experience to Iran. However, the habits he developed in the last days of empire may also have prevented him from adopting new ideas and methods and hindered his ability to implement a successful policy in Iran. Shepherd, Never Trouble Trouble, 2; ‘Iran: Failure of a Mission’ Time, 28 January 1952
748 Princeton Seminar Minutes, 15-16 May 1954, Dean Acheson Papers, Box 81, HSTL; It may be suggested that having spent time in the Dutch East Indies and Haiti when both were on the cusp of revolutionary change had clouded his judgement of non-Europeans. Louis, The British Empire in the Middle East, 638
749 Ibid.
750 V. Lawford to Bevin, 21 February 1950, FO 371/82310 NA
751 Ibid.
752 Ibid.
Iranians, leading Lawford to question whether “he had any clear idea” on this matter.\textsuperscript{753} Despite this ambiguity and the Supplemental Agreement’s widespread unpopularity, the Shah saw it as essential to stabilising the economy and realising the goal of modernisation. His nod to the “decentralisation” while meeting with Lawford hints that he wished to take an active role in the legislative process, weaken the Majlis’ grip on power and dispense with the factionalism, which he saw as sustaining economic uncertainty.\textsuperscript{754}

The perilous economic situation in Iran did little to ease political tension or pressure on Sa’ed. In March, Shepherd warned that rial circulation was falling rapidly, leading to a revival of the barter system.\textsuperscript{755} Just as damagingly, the Ambassador suggested that there was “a general dissatisfaction...with the Sa’ed government’s lack of energy and with the existing state of the administration.”\textsuperscript{756} Key points of contention included unrepresentative and corrupt Majlis officials and a growing sense that state legislative processes had come to a near-total halt. In a fragile, agrarian economy like Iran’s systemic failures such as these could have an immediate and deep impact on the national psyche and help to fuel a sense that the state was failing in its most basic duty to maintain normal functions. Against a backdrop of popular discontent Sa’ed’s position became untenable and on 22 March he resigned.

\textit{The Mansur Government and the National Front}

The Shah opted to replace Sa’ed with Ali Mansur, previously chair of the Seven Year Plan Organisation and a veteran of Iran’s back room politics. He was not only close to the Royal Court, but had a reputation as able to build alliances. British opinions on Mansur’s abilities and character were clearly conflicted. While Shepherd referred to his “reputation for being too keen on personal gain”, he also noted that he was “a man of some determination” and praised his tenacity.\textsuperscript{757} Similarly, H. A. Dudgeon of the Foreign Office commented that “while not being by any means free from the traditional Persian vices, private and public, Ali Mansur doubtlessly has the necessary ability and qualifications for his new post.”\textsuperscript{758} Somewhat less charitably Le Rougetel had dismissed Mansur’s chances of ever becoming Prime Minister on the basis that “he lacks the necessary personal integrity...[although] qualified in other respects.”\textsuperscript{759} Despite his recognised shortcomings Mansur was seen as an able political operator who, unlike his predecessor Sa’ed could bully and coerce the Majlis into accepting the Supplemental Agreement. Indeed, Shepherd felt confident enough in his abilities to inform Alan Leavett of the Foreign Office “that there is now reason to hope that the agreement

\textsuperscript{753} \textit{Ibid.}

\textsuperscript{754} \textit{Ibid.}


\textsuperscript{756} Shepherd to Bevin, ‘Report on Events in Persia During 1950,’ 19 February 1951, FO 371/91448 NA

\textsuperscript{757} Sir F. Shepherd to Foreign Office, 23 March 1950, FO 371/82310 NA

\textsuperscript{758} H. A. Dudgeon, Foreign Office Minute, 27 March 1950, FO 371/82310 NA

\textsuperscript{759} Le Rougetel to Foreign Office, 9 Jan 1950, FO 371/82310 NA
will be driven through the Majlis within about two months.” The Ambassador’s bullishness is an early demonstration of his weak grasp of Iranian politics. Mansur’s support in the Majlis was weak, an uneasy alliance cobbled together by favours and, alleged bribery. The new Prime Minister also lacked popular support and the National Front was not only gaining strength on the street, but also legitimacy.

In April 1950, following allegations of electoral malpractice and the resubmission of ballot papers, two additional National Front members won Majlis’ elections in Tehran, bringing the organisation’s total to eight of the capital’s ten seats. Although this was little under ten percent of the national total, the Front’s representatives formed a vocal and clearly identifiable coalition that drew tacit support from other Majlis deputies. Having “displayed considerable activity in the preceding week” Mussadiq was invited to meet with both the Prime Minister and the Shah and treated with the kind of respect usually reserved for high-ranking deputies. This ability to exert influence demonstrates just how misplaced Shepherd’s confidence was. While the National Front was numerically small in the Majlis, it attracted support from across society and was the most visible embodiment of Iranian nationalism.

The situation was becoming so severe that Assistant Secretary of State George McGhee referred to it as a “crisis”, stressing that “if unchecked by positive American action” Iran risked falling into “domination by the Soviet Union.” Britain’s failure to make compromises on the terms of the Supplemental Agreement came under particular criticism and McGhee stressed that stronger efforts be made to “solicit” British cooperation in establishing a “united front to the Iranians” devised by Washington. McGhee’s critical analysis is a clear indication of the American belief that Britain’s policy in Iran was not only failing, but could be beneficially to the Soviet Union. It is also notable that while British Embassy staff remained complacent, the State Department was aware of the threat posed by Iranian nationalism and actively planned to contain it.

Shepherd’s inability to grasp the finer points of Iranian politics can be viewed as part of a wider malaise within the Foreign Office and the lack of direction within this department. Previous efforts to reform and modernise Iranian society in tandem with the country’s trade union movement had fallen by the wayside and had not been replaced. While the Colonial Office was leading development projects with a sustained focus of an estimated “twenty or thirty years” across Africa, nothing of this nature existed in Iran or elsewhere in the Middle East. Despite being an area of vital economic importance there was little impetus to invest in an area that officially remained beyond British control and, following the failure of trade union reform, new

760 Alan Leavett, Foreign Office Minute, 27 April 1950, and Shepherd to FO, 22 April 1950, FO 371/82311 NA
761 Shepherd to Younger, 22 April 1950, FO 371/82311 NA
762 Shepherd to Younger, 28 April 1950, FO 371/82311 NA
763 Memorandum by the Assistant Secretary of State for Near Eastern, South Asian and African Affairs to the Secretary of State, 25 April 1950, FRUS, 1950 Vol. V The Near East, South Asia and Africa, 521-525
764 Ibid.
projects were limited to the point of nonexistence. Shepherd’s insular attitude also reflects the narrow confines of British diplomacy and the wider attitudes of many of its creators. Although the proudly working-class and largely autodidact Ernest Bevin was Foreign Secretary, the department he presided over remained mainly the preserve of a male, upper-class elite who, raised on stories of imperial grandeur, seemed incapable of recognising the growing zeal for self determination across the world.  

American political scientist Richard Cottam notes that “the British...for practical and psychological reasons...persisted in their antiquarian conviction that the Iran of 1951 differed little from the Iran of 1901.” This unbending approach to the Iranians seems to have permeated the Foreign Office and the Embassy in Tehran, institutions whose outlook seemed defined by historical continuity.  

Anthony Adamthwaite’s ‘Britain and the World, 1945-1949’ provides one of the most comprehensive studies of how Bevin’s Foreign Office was organised and functioned. It is notable, he suggests, that “there was no Cabinet foreign affairs committee”, giving the department’s “ministers and manchurians” total control for the direction of policy and adding to a sense of “close knit” insularity. Similarly, though Bevin had been critical of the department’s blue blooded recruitment policy, he carried out no substantive action to change it. Indeed, historian Valerie Cromwell would later comment that he not only “refused to carry out a purge”, but became “more devoted than any of his predecessors to the Career Diplomat.” It is noticeable that during the Second World War Labour leaders, including Attlee and Bevin, worked almost solely on domestic issues, Attlee in a non-departmental post and Bevin as Minister of Labour. Concurrently, internal party discourse focused predominantly on matters pertaining to domestic reform. Given the limited discussion of foreign affairs within the party and his own inexperience in this field, it is perhaps unsurprising that Bevin came to rely on career diplomats and, thanks to the multitude and depths of the problems he faced, failed to develop a long-term plan for British foreign policy in Iran.

Bevin had demonstrated strong leadership when responding to the Tudeh, but he proved uncertain in managing nationalism, a less tangible issue. The fiscal constraints and pressures placed upon Bevin by the Exchequer following the devaluation of sterling limited his flexibility, as did his failing health. Energetic and creative in his early years as Foreign Secretary, by 1950 he was, according to, Under-Secretary of State, Kenneth Younger “only a shadow of his real self. I think what carries him on is his stupendous egotism.”

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766 Upon joining the Foreign Office, Ernest Bevin would refer to the department’s “aristocratic embrace” highlighting its engrained public school accent, Bullock, Foreign Secretary, 97.

767 Richard W. Cottam, Nationalism in Iran (Pittsburg, 1964), 273, quoted in Louis, The British Empire in the Middle East, 638-639

768 It is telling that even after the AIOC’s nationalisation Shepherd felt compelled to suggest that this act was a simple case of “Asiatic decadence” and that Iran “is now paying heavily for her immunity from tutelage.” Shepherd to Foreign Office, ‘A Comparison Between Persian and Asian Nationalism in General,’ 2 October 1951, FO 371/91464

769 It is notable that many within the Foreign Office were “old Etonians” and had studied together at Britain’s elite universities. Adamthwaite, ‘Britain and the World, 1945-1949,’ 224

770 Ibid, 225

771 Callaghan, The Labour Party and Foreign Policy. Chapter V ‘The Second World War’; Harris, Attlee, 238-239, 258-262; Morgan, Labour in Power, 1-44

Bevin’s “egotism” led to “indispensability” and without him, Younger suggested, “there was no ‘message’ of any kind that the office wanted to put across.” Rather, the direction of policy was shaped by Bevin alone, the Foreign Office providing, what Kenneth O. Morgan called, an “echo” of his ideas. Privately, Younger mused on whether Attlee should now involve himself in Foreign Affairs to establish some direction. However, he was concerned that Attlee was too cautious, suggesting that the Prime Minister approached foreign policy “like a piece of fretwork, when it is really a passion play.”

It would be a mistake to suggest that there were no talented individuals within the Foreign Office. However, they were, like Sir Oliver Franks and Sir Gladwyn Jebb, often confined to diplomatic postings overseas (to the United States and United Nations, respectively) and had little opportunity to shape the broad direction of British foreign policy. Institutionally, the department appeared, without Bevin’s dictatorial swagger, zeal and imagination short on ideas and sapped of energy. Grand designs for Britain’s place in the world were severely lacking with just one conference on the economic, social and political future of the Middle East held by the Foreign Office under the Attlee government. Roger Louis notes that the conference focused on economic development and the “interaction between economic planning and the British quest for stability.” This was unquestionably important, but appears to have been to the detriment of discussions of the Middle East’s immediate future. Key issues like nationalism and British interaction with it as a force outside the economic sphere, for example, were entirely ignored. Foreign Office planners, it seems, were willing to put their faith in improving material wellbeing to quell political unrest with the institution of a dictatorial leader seen in some quarters as a fall back plan.

Moreover, the fundamental nature and future of the postwar empire appears to have been discussed only in passing.

A comparison between how policy was approached in the Foreign Office and the Colonial Office is striking. While the former seemed almost entirely dependent on Bevin for direction, the latter was defined by pluralism. In particular, it drew upon the expertise of specialists who had dedicated much of their lives to

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773 Morgan, *Labour in Power*, 394

774 Warner, *In the Midst of Events*, 31; This image of Bevin is quite different to that offered by historians such as Terry Anderson, Richie Ovendale and Alan Bullock and suggest that the “heroic” interpretation of his tenure in the Foreign Office is not universally applicable and fails to recognise areas where his policy faltered. See: Anderson, *The United States, Great Britain and the Cold War*; Ovendale, ‘Britain, the U.S.A and the European Cold War’ and Bullock, *Foreign Secretary*.

775 Louis is keen to illustrate the contrast between “American ‘drive and hustle’” and the “cautious but staid” approach adopted in London. Louis, *The British Empire in the Middle East*, 609

776 The result of this conference was the Columbo Plan, guidelines for the continuation of development projects in the Middle East. *Ibid*, 604.

777 *Ibid*.

778 *Conference Minutes, 21 July 1949, FO 371/75072*

779 In a report prepared for Dean Acheson by *charge d’affaires* in London, Julius Holmes, it was suggested that the talks had taken place amidst an “atmosphere of desperation” as the British found themselves “confronted by a host of life and death problems.” It seems that while the State Department acknowledged the difficulties facing Britain, the British were themselves unable, or perhaps refused, to do so. The *Charges d’Affaires* in the United Kingdom (Holmes) to the Secretary of State, 7 January 1950, *FRUS, 1950 Vol. III, Western Europe*, 1601-1604; Louis, *The British Empire in the Middle East*, 633-634

780 Few records exist to demonstrate an ongoing debate as to the form policy in the Middle East would take. Adamthwaite suggests that this may of been the result of the Foreign Office’s oral culture in which “many discussions and telephone conversations went unrecorded.” Additionally, “there are few private diaries or papers to illuminate decision-making.” Adamthwaite, ‘Britain and the World,’ 224.
understanding colonialism and colonial society. The Labour Party Colonial Advisory Committee, set up in 1942, and the Fabian Colonial Bureau, founded in 1940, were well established forums in which “the British socialist attitude towards imperialism” could be discussed and strategies for the future created. According to Creech Jones “the Labour Ministers sent to the Colonial Office had long identified with the popular movements struggling to express colonial freedom” and had long experience of reformulating policy in “constructive and positive terms.” Labour’s colonial policy also reaped the rewards of collaboration with the Trade Union Congress. As early as 1938 General-Secretary Walter Citrine, referred to by John Callaghan as “an influential voice in the policy-making bodies of the party”, was engaged in discussions with the Colonial Office as to the role of colonial trade unions in future development projects. By 1942, following TUC advice, a Colonial Labour Advisory Committee had been established, providing yet another forum in which the labour movement could discuss the empire. H. N. Basilford, writing in a Fabian Society pamphlet published in 1945, favourably commented that the Second World War had offered Labour the “leisure of mind to do something” and to “plan more for the progress of our empire.”

Plans “for progress” included shaping nationalism in the colonies. In 1947 Andrew Cohen, head of the Colonial Office’s African Division, suggested that while the “rains of nationalism” had not yet become a flood, it was on the horizon and the aim had to be “not to dam the flood, but to divert it into useful channels.” According to Heinlein, the Colonial Office recognised the swelling strength of opposition to continued British rule and began to forge a policy whereby “nationalism was to be met with diplomacy and cooperation, not intervention and force.” Colonial Office leaders recognised and accepted the burgeoning thirst of self-governance and began to forge appropriate policies to work alongside, and not against, new national governments. In August 1947, for example, the “Colonial Office Summer Conference on African Administration” was held at Queens College, Cambridge. During this meeting over 180 attendees were divided into study groups and tasked with studying a particular aspect of colonial governance. Subsequently, their findings were confidentially published by the Colonial Office. In the words of prominent imperial historian D. K. Fieldhouse, “the list of speakers at the first conference reads like a roll call of all the great and good in contemporary colonial affairs” suggesting a clear effort to engage with experts and develop strategies based on the best and most innovative ideas available. This sophisticated strategy was the result

781 Hinden referred to a lineage of socialist thought which identified Britain’s “duty not to escape from imperial responsibility, but to reform the empire and shape it to nobler ends” and similarly suggested that “poverty is not cured simply by ending imperialism, indeed it may be sooner cured by prolonging imperial rule.” This high-minded rhetoric undoubtedly ran counter to Cripps’ inherently realist identification of the empire as a cash cow and a stabilising force. Between these two streams were Bevin and his advisors who sought to balance the Labour Party’s socialist outlook with fiscal realities. Hinden, ‘Socialism and the Colonial World,’ 11.


783 Callaghan, The Labour Party and Foreign Policy, 147

784 Ibid., 148


786 Heinlein, British Government Policy and Decolonisation, 24

787 Ibid.

of years of nuanced analysis and critical thinking which had simply not taken place in the Foreign Office. Incapable of establishing a long-term vision and limited by a lack of plurality, it struggled to come to terms with the ongoing turmoil in Iran.\textsuperscript{789}

In the years that followed the Second World War the United States came to recognise the British Empire’s potential power as a bulwark to communist expansion and as a tool to preserve stability. However, deteriorating conditions in Iran raised questions as to whether a more proactive American policy was required, particularly after George McGhee’s incendiary April memorandum for the Secretary of State.\textsuperscript{790} A clear degree of uncertainty existed in the Foreign Office regarding how new Prime Minister Ali Mansur should be handled. While some officials expressed uneasy confidence in his abilities, there were few gilt-edge indications that he had the skills needed to either force the Supplemental Agreement through the Majlis or build new bridges between Tehran and London. Perhaps more damagingly, however, there is little to demonstrate that British diplomats understood the depths of their malaise in Iran, the potential for unrest there, or the limitations of viewing Anglo-Iranian relations solely through the prism of informal control.

International conditions provided little respite with Cold War tensions exacerbating fears of communist insurgency.

\textit{Ali Mansur, the Grady Mission and the Supplemental Agreement}

On June 25, 1950, North Korean forces crossed the 38th parallel into South Korea, triggering the most serious international crisis since the end of the Second World War. In Washington calls for decisive action were immediate. Convinced that the Soviet Union had “mounted, supplied and instigated” the attack and aware of its potential consequences, Truman and Acheson sought to replicate the exercise in strength used during the 1948/49 Berlin Blockade without risking wider conflict.\textsuperscript{791} The outbreak of violence also led to a wider reassessment of strategies designed to prevent future communist gains. First, it was believed that as the USSR would utilise satellite states in any future conflict, defensive procedures against these should be bolstered, particularly in Eastern Europe. Second, the National Security Council concluded that internal subversion remained a key weakness and that incidents of internal unrest or economic discord should be quashed as quickly as possible.\textsuperscript{792}

The latter suggestion reinforced the necessity of co-opting Britain’s strength in the Middle East and utilising it to achieve wider American policy goals. In May 1950, on McGhee’s recommendation, Anglo-American

\textsuperscript{789} Interestingly, given his reputation as a bullish negotiator, it seems that Bevin was also more conciliatory to the wishes of the Treasury than the Colonial Office. Commenting upon development projects in the Gold Coast, Sarah Stockwell notes that “the Colonial Office expressed little interest in the concerns of British business.” This was perhaps a feature of the engrained radicalism within the department and its long connection with the Fabian Society. Sarah Stockwell, ‘Political Strategies of British Business During Decolonization: The Case of the Gold Coast/Ghana, 1942-57,’ \textit{Journal of Imperial and Commonwealth History} 23, 2 (1995), 292

\textsuperscript{790} Memorandum by the Assistant Secretary of State for Near Eastern, South Asian and African Affairs to the Secretary of State, 25 April 1950, \textit{FRUS, 1950 Vol. V, The Near East, South Asia and Africa}, 521-525

\textsuperscript{791} Robert Beisner, \textit{Dean Acheson: A Life in the Cold War} (Oxford, 2006), 333

\textsuperscript{792} Goode, \textit{The United States and Iran}, 72-73
discussions on the future of Iran took place in London and while they ended “without commitment on either side”, it was agreed that mutual efforts would be made to “raise morale...to which end any measures of material assistance recommended should be directed.”

During these discussions it became clear that American officials were skeptical as to the likelihood of the Supplemental Agreement being ratified. Tellingly, a Foreign Office note suggested that their American counterparts had “expressed doubts as to the chances of the Supplemental Agreement being ratified in its present form and urged us to examine whether the Anglo-Iranian Oil Company could not make them more palatable to the Persians.” In response, British delegates had argued that “the Persian Government had at no time suggested specific modification.”

However, while factually correct, this statement failed to comprehend the basic American complaint that the agreement was, at its core, balanced firmly in Britain’s favour and failed to take account of decades of economic exploitation.

The Foreign Office’s inability to recognise this speaks volumes as to the differing views held by each nation.

A secondary concern was that the Supplemental Agreement, and the virulent nationalism it helped to fuel, could eventually lead to communist insurrection in Iran. On July 1, the United States’ National Security Council circulated a draft report entitled ‘The Position and Actions of the United States with Respect to Possible Further Soviet Moves in the Light of the Korean Situation’ analysing the possible course of Soviet foreign policy in militarily vulnerable regions. The report concluded that unless the Soviet Union was preparing to engage in international conflict on an unprecedented scale, it would avoid direct aggression against border states and instead operate through satellites and proxies. Most disturbing to Washington was the fear that the Soviet Union could make “a strong effort...by means of subversion, sabotage and civil disorder” and test American “firmness” in areas of political and economic vulnerability, including the Middle East.

The report’s circulation coincided with Ambassador John Wiley’s resignation. Although closely aligned with the Shah and the Royal Court, Wiley was left frustrated by his time in Iran and suggested: “I’ve been defeated in this country by one word, the word ‘yes.’ They say to me ‘yes, Mr. Ambassador, yes’ and nothing happens.” In a frank report to McGhee, Wiley commented that the United States was at a crossroads in Iran and warned: “we must write Iran off or take effective action of some kind.”

Although “still in the formative stage”, the Seven Year Plan received some praise and was singled out as a possible avenue for investment. However, Wiley was highly critical of “the corruption and ‘do-nothingism’ of high officials”,

793 Foreign Office to Tehran, 6 May 1950, FO 371/82311 NA
794 Ibid.
795 Ibid.
796 Ibid.
798 Shepherd, Never Trouble Trouble, 45
suggesting it was “an Iranian tradition of high standing.” Entrenched corruption and other “psychological factors” were “more significant than the purely political” and a “sense of hopelessness in the minds of most of the people [offered] a fertile field for communist agitators.” Westad suggests that this fear of communist subversion through social unrest was engrained within the Truman administration. NSC 51, a report on American policy towards Southeast Asia presented to the National Security Council in March 1949, for example, stated that the United States struggle with the Soviet Union in the Far East was “ideological” and that decolonisation may create a situation in which Moscow could exploit the competing tensions of “colonial imperialism versus military nationalism.” As in Europe in the immediate aftermath of World War Two, the developing world was identified as a canvas for ideological warfare between the United States and Soviet Union and little distinction was drawn between nationalist and communist revolutionary forces.

Wiley’s replacement was Henry F. Grady, a former economist at the University of California, who had served as American Ambassador to India, Nepal and, most recently, Greece. Although described by James A. Bill as “a hard-headed, short, baked potato-like figure”, Grady was a hardworking rationalist, described by a State Department briefing document as “unusually strong in financial and economic qualifications” and a firm believer that stability rested on direct investment and proper fiscal management. It was hoped that his experience in developing economies could help to improve Iranian efficiency, promote fiscal stability and ease domestic unrest. It should also be noted that allied to Grady’s belief in capitalism was an avowed suspicion of imperialism and imperialists, possibly influenced by his Irish ancestry. As he would later record in an unpublished memoir, he saw Iran as suffering under “economic colonialism” orchestrated not only by the AIOC, but the British government itself.

Aged sixty-two upon his arrival in Tehran, Grady believed that a successful stint in Tehran would see him sent to Tokyo as the United States’ first postwar Ambassador to Japan. While Grady’s long, and largely successful, diplomatic career demonstrate that he had the skills required to become Ambassador to Tehran they also helped to inflate his ego, which at times made collaboration difficult. Britain’s charge d’affaires to Iran, George Middleton would later recall that “Henry Grady was not a professional...he said to me on one occasion: ‘I was the savior of India; I shall be the savior of Iran.’” In typically diplomatic fashion Middleton referred to these claims as “being a little bit splendid.” In later years, Averell Harriman would comment

800 Ibid.
801 Westad, The Global Cold War, 113; Steven Lee, Outposts of Empire: Korea, Vietnam and the Origins of the Cold War in Asia, 1949-1954 (Montreal, 1995), 44
802 James A. Bill, The Eagle and the Lion: The Tragedy of Iranian-American Relations (New Haven, 1988), 73; Memorandum for File, Prepared in the Department of State, 26 April 1950 and Memorandum by the Assistant Secretary of State for Near Eastern, South Asian and African Affairs to the Secretary of State, 25 April 1950, FRUS, 1950 Vol. V The Near East, South Asia and Africa, 519 and 521-525
803 Memorandum of Conversation between McGhee, Hare and Jernegan, April 3 1950, RG 59/3.300 NARA
804 Grady, Adventures in Diplomacy, 17-18
805 Henry Francis Grady, The Memoirs of Ambassador Henry F. Grady: From the Great War to the Cold War (Columbia, MI, 2009), 193
that he “didn’t feel that Grady really was at grips with the situation”, a conclusion Dean Acheson agreed with.\textsuperscript{807}

According to Sir Oliver Franks, Grady’s selection was “an indication of the importance which they attach to doing something about the Persian situation” and a demonstration of a hardening attitude towards Iran in Washington.\textsuperscript{808} Although the promise of a State Department-led economic mission seems to support this, the United States was not looking to supersede Britain’s position, but rather sought to change British policies to help achieve their own geopolitical goals. For example, the State Department “declined to authorise the United States Ambassador in Tehran to intervene in any way in regards to the Supplemental Agreement” on the grounds that this was “entirely a business arrangement between the United Kingdom and Persia.”\textsuperscript{809} Similarly, there were indications that a greater American presence could help to strengthen Britain’s position. For example, correspondence between the Foreign Office and British Embassy, Washington, reveals the importance placed on unspecified “additional funds” to aid Iran’s flagging economy.\textsuperscript{810}

However, Qaimmaqami identifies such optimism as ill conceived and suggests that the Grady mission weakened British power in Iran. Most notably, she argues that Grady hoped to expand Max Thornburg’s role and establish stronger links between the Iranian government, State Department and American private sector. In doing so he would engineer greater investment opportunities for American firms, harbour economic growth and in turn achieve domestic stability.\textsuperscript{811} Interestingly, Qaimmaqami also suggests that Thornburg had lobbied for Grady’s appointment, suggesting a degree of interdependence between them. The two men not only had a similar outlook on the role of the private sector in overseas development, but close personal links with Grady serving as Thornburg’s mentor during his time at University of California.\textsuperscript{812} This position of trust, according to Qaimmaqami, allowed Thornburg to exert undue influence over both Iranian and American policy: he was, for example, an early leading proponent of General Ali Razmara’s appointment as Prime Minister and pushed Grady to make the case for official State Department aid for the Seven Year Plan.\textsuperscript{813} To Thornburg, Grady’s appointment marked a shift in American attitudes and a demonstration of their commitment to Iran’s security and stability.

\textsuperscript{807} Transcript of Dean Acheson Princeton University Seminar, 15-16 May 1954, Dean Acheson Papers, Box 81, HSTL.

\textsuperscript{808} Sir Oliver Franks to Foreign Office, 29 May 1950, FO 371/82311 NA

\textsuperscript{809} Foreign Office to Washington Embassy, 1 June 1950, FO 371/82311 NA. The hands-off approach pursued by the American Government at this stage seems to reflect both a recognition of Britain’s strategic and economic interests and an unwillingness to become overburdened by economic and defensive commitments. It may also reflect Wiley’s approach to Iranian-American relations and recognition of Britain’s relative strength and expertise there. The United States willingness to recognise Britain’s position in the Middle East can also be viewed as an extension of their policy in this area immediately following the Second World War and George McGhee’s suggestion that “had no desire to compete with or to hinder the United Kingdom in the Middle East.” George McGhee and Michael Wright, ‘Summary of Discussions on the Near East,’ 14-17 November 1949, RG 59 611.41 NARA

\textsuperscript{810} Ibid.

\textsuperscript{811} Qaimmaqami, ‘The Catalyst of Nationalization,’ 16

\textsuperscript{812} Lowell Thomas to Thornburg, 1 June 1950, \textit{ibid}

\textsuperscript{813} Memorandum of Conversation, ‘Status of Iranian Seven Year Plan,’ 16 February 1950, RG 59/888.00 NARA, quoted in \textit{ibid}. As will be seen, Thornburg also undertook private action to have Razmara appointed as Prime Minister, the extent of which did not become clear until the summer of 1950. This suggests an undue level of influence for, ostensibly, a private advisor with no mandate to direct American policy. See: ‘Memorandum of Conversation Between Razmara and Thornburg,’ 9 July 1950 in Grady to Acheson, 25 July 1950, RG 59/888.00 NARA
The highly personal links between the Americans stationed in Iran is redolent of Robinson and Gallagher’s description of an “official mind” within the Foreign Office and the importance of private relationships in creating public policy, as identified by Cain and Hopkins. Given the similarities between these networks it might be expected that analogous patterns of behaviour would emerge with diplomacy becoming intertwined with private sector imperatives. However, despite the networks which existed within the upper echelons of American political and economic society there is limited evidence of operational interdependence between Grady and Thornburg. Rather, Grady acted as a servant of American diplomacy alone and was not coerced by Thornburg into adopting an interdependent policy. Similarly, despite strong personal links, Thornburg lacked both the capital and the infrastructure to truly challenge the United States official position in Iran and establish himself as a radical alternative source of power. It is telling that in correspondence between the Tehran Embassy and the State Department Thornburg is rarely referred to outside of his official OCI duties, and, especially towards the end of his time in Iran, is identified more as a figure of intrigue than a powerful representative of the American private sector.

At the beginning of June, Shepherd commented that the “political situation [was] showing signs of developing.” Importantly, Mansur had “shown himself surprisingly sensitive to pressure from the National Front...and...in consequence his influence [had] waned.” The Ambassador had previously championed Mansur’s “determination” and was left disappointed by his suggestion, during discussions on 30 May, that “some inducement” was needed before the Supplemental Agreement could go before the Majlis. Again, the Prime Minister could not identify in concrete terms what this might be, adding to suspicion that he was trying to delay taking the agreement before the Majlis to preserve his own position. While Shepherd promised London that he was “trying to ginger him [Mansur] up into energetic support of the agreement”, he reluctantly stated his fear that “it will be put forward in a very lukewarm manner”, if at all. Three days later, in a message to G. W. Furlonge of the Foreign Office’s Eastern Department, Shepherd reiterated his concerns, suggesting that he was speculating “without any success, as to the kind of political lubrication [which] might be practicable.”

Mansur’s unwillingness to take the Supplemental Agreement before the Majlis and his sensitivity to the National Front were interpreted in London and Washington as signs of weakness and the limitations of his support base. A reputation for machination had helped him win political power, but it had won him few friends, and led the Shah to question whether he could maintain political stability.

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815 Dean Acheson, ‘Conversation with Mr. Max Thornburg Regarding Iran,’ June 4, 1951 RG 59 888.2553 NARA; Henry Grady to the Department of State, 22 September 1951, Henry Grady Papers, Box 3, HSTL

816 Shepherd to Foreign Office, 2 June 1950, FO 371/82311 NA

817 Ibid.

818 Ibid.

819 Shepherd to G.W. Furlonge (Eastern Dept.), 5 June 1950, FO 371/82311 NA

820 Sir Oliver Franks to Foreign Office, 29 May 1950, FO 371/82311 NA
Shepherd, the Shah indicated the “necessity for a strong government” and suggested that Mansur had shown himself to be “weak, vis-a-vis the National Front.” The Ambassador agreed with this and, in a report for Minister of State to the Foreign Office Kenneth Younger, warned that the “moral ascendancy of the National Front over the government and the bulk of the Majlis has continued to increase.” Shepherd also suggested that while other political groups lacked cohesion, the Front’s “narrow nationalism”, focus on the single issue of oil and “contempt for the methods and practices, both of the Shah and of recent Persian governments” allowed them to gain undue political influence and to “vent its nationalist sentiments at our expense.”

With Mansur unwilling, or unable, to take control of the Majlis, transatlantic discussions turned to who could replace him with General Ali Razmara quickly emerging as the favoured candidate. A Foreign Office report found that Razmara not only represented “the best chance of securing the measure of resolution and efficiency required”, but that he could be “restrained” by Anglo-American representatives thanks to his “dependence” on their “good will.” Shepherd, while admitting that he had had “little opportunity of forming a personal judgement on him”, reported that “he impresses favourably everyone he meets” and referred to the wealth of respect he had garnered as head of Iran’s military.

The Shah also thought favourably of Razmara. In talks with Shepherd, he revealed that he was “more convinced than ever of the necessity for a strong government”, a clear hint of his support for the General who, thanks to his military background, was seen as an ally by the Royal Court. Privately, the Shah hoped that Razmara would challenge the more rebellious elements in the Majlis and force through legislation to decentralise the state, establishing a “large measure of autonomy in each of the ten provinces.” The Royal Court would then be able to take a central role in the legislative process, as the body to which each regional council would report. Although the Shah’s plans were not yet fully formed they indicate a clear depth of ambition and suggest that he saw the National Front as a challenge not only to foreign power in Iran, but also his own. When the Shah’s proposals became publicly known Mussadiq was quick to react, demanding that the Royal Court “not to interfere in [the] politics of administration” and warning that the Shah “must not alter [the] constitution.”

In transmitting these messages to London it is notable that Shepherd’s comments were kept to a minimum with no examination of what the Shah’s proposals would mean for Iran, or their feasibility. This lack of analysis reinforces the notion that little time was dedicated to understanding the complexities of Iranian politics.

821 Shepherd to Younger, 12 June 1950, FO 371/82311 NA

822 The Ambassador’s desire to see a stronger figure take control in Iran is redolent of the views expressed by Michael Wright in late 1949 and suggest a growing unanimity on this point. Shepherd to Younger, ‘General Report on the Present Political Situation,’ 30 June 1950, FO 371/82311 NA

823 Ibid.

824 Foreign Office to British Embassy, Washington, 7 June 1950, FO 371/82311 NA

825 Shepherd to Foreign Office, 2 June 1950, FO 371/82311 NA

826 Shepherd to Younger, 12 June 1950, FO 371/82311 NA

827 Shepherd to Foreign Office, 10 June 1950, FO 371/82311 NA

With his resignation seemingly inevitable, the only question left to discuss was whether there was any possibility Mansur could be coerced into taking the Supplemental Agreement before the Majlis in his final months in office. Alan Leavett of the Foreign Office noted that Shepherd had reported that “points of difference between the government and the company [were] narrowing” and warned that if the agreement were not passed by the present Majlis it could be “many months” before it was resubmitted to the parliament.\(^{829}\) However, he also recognised that Mansur was “unlikely to present the agreement with any conviction” and that if rejected “re-negotiation would be unavoidable.”\(^ {830}\) On 26 June, Shepherd informed Younger that “the Ali Mansur government is evidently far gone in a decline, but it is not yet clear how long it can survive, or whether it will pass quietly away of inanition or be given a treatment of euthanasia by the Shah.”\(^ {831}\) Despite the uncertain tone of Shepherd’s message, Mansur’s tenure continued for less than a day, the Shah having privately asked Razmara to form a new cabinet.\(^ {832}\) In the Ambassador’s view, Mansur’s time in office had “done nothing to improve conditions in Iran” and he had “fought shy of defining his attitude towards the Oil Agreement.” In a final salvo, Shepherd accused him of “giving priority to certain measures proposed by the opposition” and of actively seeking to damage British interests in Iran.\(^ {833}\)

The vitriol which emanated from Shepherd’s message was testament to Mansur’s unpopularity in British diplomatic circles. The Prime Minister’s time in office had been one of great disappointment for London. Not only had he proven unable to force the Supplemental Agreement through the Majlis, but he had failed to offer the faintest opposition to the onset of nationalism. Despite not being a formal part of the British Empire there seems to be an underlying sense that the Iranian Prime Minister had a duty to follow the course preferred by London, regardless of the implications this could have to their domestic standing. Given the National Front’s popularity it seems remarkable that Mansur faced accusations of timidity for failing to take the Supplemental Agreement before the Majlis. Had he done so there is little to indicate that it would have been ratified or that it would have received any support from the public.

The arrival of Ambassador Grady also posed new questions as to Britain’s resilience in Iran. Although confident that they could maintain their monopoly over oil, Grady’s tenure added to an emerging pattern of tacit American pressure on Britain and suggested a degree of uncertainty in Washington as to their allies’ long-term prospects there. This was reinforced in a message from the charge d’affaires in Tehran, Arthur L. Richards, which stated that the “stubborn dispute” over the terms of the Supplemental Agreement was accelerating the “deteriorating conditions” in Iran.\(^ {834}\) However, one source of optimism for London was General Razmara’s ascent to the premiership. He was seen as incorruptible and iron-fisted, the kind of leader needed to force the Supplemental Agreement through the Majlis and simultaneously quell nationalist unrest.

\(^{829}\) Alan Leavett, Foreign Office Minute, 13 June 1950, FO 371/82311 NA

\(^{830}\) Ibid.

\(^{831}\) Shepherd to Younger, 26 June 1950, FO 371/82312 NA

\(^{832}\) Shepherd to Foreign Office, 26 June 1950, FO 371/82312 NA

\(^{833}\) Ibid.

\(^{834}\) The Charge in Iran (Richards) to the Secretary of State, 21 June 1950, *FRUS*, 1950 Vol. VI, The Near East, South Asia and Africa, 560
There were, however, no guarantees that Razmara would be a successful in this endeavour. He was politically inexperienced and perhaps too closely aligned with the military and Royal Cour. That such faith was placed in him demonstrates the anarchic nature of Iranian politics and Britain’s inability to exert influence. In an environment with high corruption and a rapid turnover in governments, a firm, assured and disciplined leader was undoubtedly something of a rarity.

Unbalanced Budgets and Continued Disorder: General Razmara and the Search for Stability

Understanding Razmara

Ali Razmara became Prime Minister aged forty-seven, the youngest lieutenant-general in Iran and something of a rising star in Iranian society. He had trained at the French military academy at Saint-Cyr, served as a Cossack under Reza Shah and was viewed not only as hardworking, but also incorruptible. His military background saw him marked out as something of a strongman and rumours circulated that he eventually hoped to lead Iran as a dictator. His desire for power was such that a State Department report suggested that “if Razmara becomes Prime Minister, it will be with the firm intention of remaining so indefinitely. It seems probable that he will resist by every legal or illegal means any attempt to remove him.” Although clearly hungry for greater power he also recognised Iran’s inherent weaknesses, not least its dysfunctional economy, reliance on agriculture, and need for modernisation. These dual characteristics made him an attractive proposition in London and Washington and it was hoped that he could dispense with the corruption of traditional Iranian politics and force through much needed reform. A longtime supporter of the General, Max Thornburg referred to his appointment as “one of the tidiest bits of political housecleaning the Middle East has seen for some time” and speculated that he would quell unruly fractions in the Majlis and create the conditions necessary for an overhaul of the most antiquated aspects of Iran’s economy.

Razmara used his first press conference as Prime Minister to set out a manifesto focusing on political reform and economic development. He supported the Shah’s calls for greater decentralisation, but promised to abide by the Constitution. This effort to ingratiate himself with the Royal Court was unsurprising. He had been parachuted into a position of power without either popular support or experience in the rigours of parliamentary politics and saw the Majlis’ royalist faction as a potential source of support. Correspondence between the Foreign Office and Ambassador Franks reveals a recognition that the General’s appointment was “likely to result in a postponement, perhaps for a long period of the ratification of the Supplementary Oil Agreement”, but, given his “character”, the benefits of his tenure would “likely outweigh this disadvantage.” With this in mind, it is fair to suggest that the British were cautiously optimistic towards

835 Yergin, The Prize, 436
837 Qaimmaqami, ‘Catalyst of Nationalization,’ 18
838 Shepherd to FO, 26 June 1950, FO 371/82312 NA
839 FO to Washington, 27 June 1950, FO 371/82312 NA
Razmara. He was viewed as reliable, not revolutionary, and as a steady presence in the otherwise chaotic world of Iranian politics. This image was reinforced when he was offered a vote of confidence by the Majlis of ninety-four votes to eight with three abstentions.\textsuperscript{840}

In the first months of his tenure Razmara sought to build up support for decentralisation. Explaining the proposed reforms to Bevin, V. Lawford suggested that “these regulations provide that in each of the administrative units into which the country is divided there shall be an elected council of local people with jurisdiction, power of discussion and decision on a wide range of subjects.”\textsuperscript{841} While these councils wouldn’t engage with issues of foreign policy, education or customs, they would hold power over local rates of taxation and allow for economic determinism at a local level. Although not discussed in great length, decentralisation received some support from within the Foreign Office. L. Barnett of the Eastern Department, for example, felt that it could help to “lessen the Central Government’s authority” and ease Anglo-Iranian relations.\textsuperscript{842}

In the United States support for decentralisation was strong with Assistant Secretary of State George McGhee suggesting that it was “a long overdue reform which may correct a situation that has been a major contributing factor in the helplessness of previous Iranian governments.”\textsuperscript{843} For McGhee this assessment was made on the basis that it would lead to greater stability. He felt that the “principal danger to Iran” came from internal unrest and that any action that could alleviate this risk, regardless of how undemocratic, should be taken.\textsuperscript{844} McGhee’s analysis demonstrates that while the British had to contend with the commercial and social realities of AIOC activity in Iran, the United States was able to view the country more dispassionately and as one component in a regional security policy.

Barnett’s suggestion that a publicity campaign alone could win public support for Razmara’s proposals seems to misunderstand the weight of opposition to decentralisation, not least from the National Front, who suggested that not only was it a step towards the “dismemberment of the country”, but also that it had been forced on Iran by “the imperialists” who sought to “tear Persia apart.”\textsuperscript{845} To Mussadiq decentralisation was a continuation of the regionalisation policies first proposed by the British government in the midst of the Azerbaijan crisis and reflected their entrenched, but intangible hold over Iranian politics. The depth of Mussadiq’s feelings towards Britain were revealed during discussions with American representatives in Tehran, in which he suggested that: “you do not know how crafty they are. You do not know how evil they

\textsuperscript{840} Note. While Razmara did not gain the support of the National Front’s representatives in the Majlis he was able to win the votes of members who had previously shown some signs of nationalism. This is an interesting dichotomy which suggests that Razmara was held in some esteem by his contemporaries, regardless of their political differences. Shepherd to FO, 5 July 1950, FO 371/82312 NA

\textsuperscript{841} V. Lawford to Bevin, 29 July 1950, FO 371/82312 NA

\textsuperscript{842} L. Barnett, Foreign Office Minute, 27 October 1950, FO 371/82313 NA

\textsuperscript{843} Memorandum by the Assistant Secretary of State for Near Eastern, South Asian and African Affairs (McGhee) to the Secretary of State, 7 July 1950, \textit{FRUS}, 1950 Vol. VI, The Near East, South Asia and Africa, 565

\textsuperscript{844} \textit{Ibid.}, 565

\textsuperscript{845} V. Lawford to Bevin, 29 July 1950, FO 371/82312 NA
are. You do not know how they sully everything they touch.”

He repeatedly referred to Razmara as a British stooge and criticised the “bitter tasting military dictatorship” that was inspired by foreigners. Most provocatively he interrupted the new Prime Minister during an address to the Majlis and shouted: “America and Britain brought you to power! Get Lost! Shut the door and don’t come back.”

Such sharp imagery helped to galvanise Mussadiq’s support and promote a sense of unity that crossed religious, racial and socioeconomic lines. As Westad suggests, the “othering” of foreigners was a common tool in the formation of “national organizations” and helped to create a separation between “native” or “traditional” societies and their foreign oppressors. This mirrors the impulses that drove the Tudeh’s success, particularly independence from foreign powers and a desire to “guarantee national unity.”

A parallel may also be drawn between Mussadiq’s statement and Gellner’s previously mentioned description of nationalism as an effort to achieve “the dignity and self-respect arising from the elimination of ‘second - or nth class citizenship.’” In this instance, Mussadiq was able to use his emotion as a weapon and depict the British in the basest terms possible to rouse support and draw a sharp line between the Iranian people and the evil outsider forces that kept their country poor.

In the American media, Razmara’s appointment and early policies won great acclaim. The New York Times, for example, triumphed his potential to “hamper an advance southwards” by the Soviet Union and suggested that the Prime Minister had proven himself to be a “bitter opponent of the hesitation, confusion and half-measures that have characterized the Iranian administration.” As noted previously, McGhee keenly supported the General, stating that he was capable of “coping with any internal disturbance that may arise.” Perhaps his greatest champion, however, was Max Thornburg, who offered his services to the new Prime Minister as a private advisor and mediator with the AIOC. In a terse meeting with American Embassy staff in Tehran, Thornburg “emphasised the necessity of making one man responsible for oil policy discussions” and identified himself as the individual most capable of “feeling out the AIOC people on the possibility of revising certain provisions of the Supplemental Agreement.” While Thornburg was adamant that the United States could break Britain’s monopoly over Iranian oil, there appears to have been little support for this approach within either the State Department or the American Embassy in Tehran.

846 Louis, ‘Mussadiq, Oil and the Dilemmas of British Imperialism,’ 732
847 de Bellaigue, Patriot of Persia, 146-147
848 Ibid.
849 Westad, The Global Cold War; 81
850 Note. It should also be recognised that the Tudeh’s message was coloured by the language of Marxist revolution, something entirely absent from National Front rhetoric. Declaration of the Tudeh Party Central Committee, undated, FO 248/1471, NA
851 O’Leary, ‘On the Nature of Nationalism,’ 196
853 Memorandum by the Assistant Secretary of State for Near Eastern, South Asian and African Affairs (McGhee) to the Secretary of State, 7 July 1950, in FRUS, Vol. V, The Near East, South Asia and Africa, 564-565
854 Qaimmaqami, ‘The Catalyst of Nationalization,’ 16-17
855 Paul C. Parke to George McGhee, 27 December 1950, RG 59/888.2553 NARA
Indeed, despite the bold suggestion that he alone could cajole the AIOC into a revision of the Supplemental Agreement and his links to both Razmara and Ambassador Grady, there is little evidence to indicate that Thornburg had any lasting influence over either. While he has even been described as the “catalyst for nationalisation”, Thornburg’s most important role was as a manifestation of the potential role the US private sector might be able to play in both Iran and the Middle East more generally. However, at this stage he was simply not powerful enough to challenge British supremacy in Iran, or indeed to shape United States policy there. His role was thus reduced to probing entrepreneurial opportunity and providing a constant demonstration of the American private sector’s interest in expansion into an area it had previously been excluded from.

By mid-1950 the United States and Great Britain were in broad agreement on two issues. First, they both recognised the necessity of supporting General Razmara as Prime Minister, viewing him as the strong leader needed to oppose nationalism and force the Supplemental Agreement into law. Second, it appears that Britain’s primacy in Iran was still realised. However, their relationship was far from harmonious and suffered from a number of fissures. The United States recognised Britain’s interests in Iran, but this was not unconditional. Indeed, policy makers in Washington were gravely concerned that London was following the wrong path in Iran, risking not only their own interests, but also those of the international community. It was therefore felt that sterner action was needed to ensure that British policy did not endanger Iranian stability. However, this action was limited, restrained by fiscal pressures and an unwillingness to risk over stretching American influence.

The Limits of American Support

Henry Grady’s appointment had raised hopes that, despite their limited direct interests there, American economic aid to Iran would be forthcoming and perhaps even on a par with spending in Greece and Turkey. However, the Ambassador’s arrival coincided with the outbreak of war in Korea and on August 28 President Truman informed Acheson that aid for the Middle East would be cut in favour of spending in East Asia. Other forms of foreign aid were also cut: Marshall Plan funds, for example, were slashed by $200 million, roughly fifty percent of their total. In these circumstances Grady’s role was redefined and limited to preventing the overexertion of American resources and harbouring Iranian development through preexisting mechanisms and strategically targeted capital, not least in the form of Export-Import Bank loans. As spending fell efforts to mould British policy in Iran were redoubled with London’s influence identified as

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vital in staving off economic collapse and insurgent communism. Stability, as outlined by George McGhee, remained the most important American goal. Summarising their position George Woodbridge, of the State Department’s Economic Section wrote “our interest is emphatically not economic….we have in fact only one interest in Iran: the maintenance of its independence.”

Washington’s need for British support in the Middle East can be compared to relations between the two states during the Korean War. Michael F. Hopkins argues that while Britain sought to limit its involvement in Korea to the dispatch of Royal Navy vessels, the Truman government insisted that a task force of British ground troops was dispatched to demonstrate support and give American action greater international legitimacy. Faced with growing diplomatic pressure and fearful that a failure to comply could jeopardize relations with Washington, Hopkins argues the Attlee government acquiesced to American demands as a means of “displaying their value as a partner.” While the United States recognised the need to alter British policy in Iran, there is no evidence to suggest that they sought to displace them there, despite the efforts of Max Thornburg. Rather, Iran was seen as part of a general defensive perimeter with Britain acting as a safeguard against unrest, disorder and communist insurrection. This partnership, as envisaged in the USA, rested on the assumption that British policy was malleable and would not undermine the goals set on Capitol Hill.

In Korea, an area of little intrinsic value to the British economy, the Attlee government had been willing to follow the path set by the United States, but in Iran they remained determined to follow their own course. Iranian oil was unquestionably a vital economic asset and it was widely seen as essential that Britain avoid “demotion from Protagonist to attendant Lord.” The AIOC shared this view and there were no indications that the firm’s board of directors would accept losing their monopoly, regardless of pressure from the USA.

The limits of American support for Iran were made clear following the submission of a $25 million loan request from Tehran to the Export-Import Bank. This request was supported by Grady, who hoped that it

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859 William Roger Louis suggests that in the latter stages of the Second World War American resistance to British imperialism weakened as it became identified as a potential source of stability in nations which could otherwise be sensitive to Soviet interventionism. In Iran it was clear that Washington perceived British imperialism, informal or otherwise, as a hindrance to stability, demonstrating that American thinking on this matter was not dogmatic, but fluid and adaptable. Had the British approach to Iranian nationalism been successful, there is little doubt that the United States would have offered their support to it as a stabilising factor. Louis, *Imperialism at Bay*, 46-47 & 99-100.


863 Ibid., 28.

864 The culmination of this growing American interest in Iran was Operation ‘Ajax’ and covert action to topple the Mussadiq government. For details see: Chapter V: Conclusion.


would form the first of four installments, eventually totaling $100 million. However, despite the
Ambassador’s support, the State Department refused the request immediately, highlighting the Truman
administration’s constraints on overseas spending and latent skepticism as to the Iranian government’s ability
to spend such sums responsibly.

While British policy continued to be viewed as ill-conceived and ineffective, the United States were
unwilling to waver from their established policy of using Britain and its assets as proxies in achieving their
goals. While Louis and Robinson have established that the State Department and Pentagon found their
most “important collaborators in the British and their Empire-Commonwealth”, the success of this policy
was highly variable. It is clear that “much of the prewar Empire survived locally and was slotted into the
postwar design”, but that this pattern could not be replicated in areas where American and British goals were
at odds with one another. Iran was one such area. While the State Department felt that stability should be
given primacy regardless of the impact this had on British prestige and oil revenue, the Attlee government
remained intent on protecting its economic interests at all costs. This fundamental difference grew ever more
pronounced during the summer of 1950. Although confidence abounded in Razmara’s abilities, the National
Front remained a challenging proposition. Finally, Iran’s economic position was far from secure, raising
questions in Washington as to whether the Supplemental Agreement could be modified to help improve
conditions there.

Iranian Economic Dislocation

In May 1950 Britain’s Commercial Secretary in Tehran, John Walker, warned that the United States may
request that Iran be allowed to service any loan repayments using sterling. Walker suggested that the
Iranians not only had “no dollars available at present for this purpose”, but also a chronic shortage of rials.
Evidence from the United States supports Walker’s summations. In March, for example, W. Kopolowitz of
the State Department’s Eastern Division suggested that Iran’s short term dollar assets had fallen by half since
1943. A report published eight months later went further and outlined their dire currency shortage, stating
that Iranian imports from the United States totaled “approximately $60 million...while exporting only about
$2 million worth.” It also warned that the country’s current deficit was rising at a rate of over 16 percent
per annum, leading to a dollar position deemed “considerably more unfavourable than its overall balance of

867 Letter from Office of the Iranian Prime Minister to Westrez Corp. New York, 14 October 1950, RG 59/3.32 NARA; Goode, The
United States and Iran, 73.


869 Ibid.

870 Ibid.

871 John Walker to Norman Young (Treasury), 6 May 1950, FO 371/82341 NA.

872 Ibid.

873 W. Kolowitz to H. Robinson, ‘Iranian Short-Term Dollar Assets Held in the United States,’ 15 March 1950, RG 59 3.32 NARA.

874 Division of Greek, Turkish and Iranian Affairs Report, ‘Iranian Balance of Payments and Foreign Exchange Position,’ 8 August
1950, RG 59/3.213 NARA.
payments position.”

Iran’s wider financial woes were made clear in August when Shepherd reported that Iran’s deficit had topped £16.5 million during the previous financial year. In a report for Acheson, McGhee suggested that economic and political uncertainty had resulted in a “critical situation” and “economic depression which has resulted in substantial and growing unemployment, business bankruptcies and, in some areas, actual starvation.” Though the latter claim seems fanciful, agricultural production had crashed and the barter economy first described by Shepherd in March remained in place. With rial circulation in free fall an immediate cash injection was urgently required.

McGhee felt that there was now a “demonstrable need for some form of foreign aid” and that efforts to push Britain towards adopting a “united front” in Iran be redoubled. With tacit support from Ambassador Grady, Razmara put forward a series of modifications to the Supplemental Agreement. These, he argued, would guarantee its passage through the Majlis and provide the cash needed to stave off total economic collapse. The Prime Minister’s demands included that the AIOC begin to pay royalties at the new, higher rate stipulated in the Supplemental Agreement before ratification and that back payments on all production since July 1949 be made as an immediate cash sum.

The idea of changing the terms of the Supplemental Agreement had already been suggested by American delegates at the London Tripartite Foreign Ministers Meeting. Though their British counterparts suggested that the Iranians were simply in need of a “general gingering up”, Deputy Assistant Secretary of State, Raymond O’Hare cast doubt on whether the Majlis would ever be able to pass the Supplemental Agreement in its “present form”, announcing himself “worried by [the] UK’s take it or leave it attitude.” It was suggested that the British had “got into too rigid [a] framework” in negotiations and needed to make substantial concessions, possibly including “economic assistance.” Although the British delegates agreed to “put these points...to their Embassy [in] Tehran”, the Foreign Office remained obstinate. In particular, they remained adamant that “the problem is primarily one of raising morale” and cast doubt on “whether we could justifiably ask the company to consider any modifications.” The British seemed collaborative in

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875 Ibid.

876 Sir Francis Shepherd to FO, 27 August 1950, FO 371/82342 NA.


879 Memorandum by the Assistant Secretary of State for Near Eastern, South Asian and African Affairs to the Secretary of State, 25 April 1950, FRUS, 1950 Vol. V The Near East, South Asia and Africa, 522.

880 Ibid., 522-525.

881 The Ambassador in Iran to the Secretary of State, 13 July 1950, FRUS, 1950 Vol. V The Near East, South Asia and Africa, 568.


883 Ibid., 546.

884 Ibid, 547.

885 Foreign Office to British Embassy, Tehran, 6 May 1950, FO 371/82311 NA.
direct negotiations with the United States, yet their attitude behind closed doors was markedly different. The American proposals were largely dismissed offhand and marked as potentially damaging to British interests. The idea of Britain seeking to avoid American intervention of any sort is reinforced in a Foreign Office Minute from 25 May 1950, which suggested that “any pressure by the United States on the Persian Government to ratify the Supplemental Agreement would be most undesirable since this was entirely a business arrangement between the UK and Persia.” Rather than engage in the United States’ proposals constructively, it appears that the Foreign Office’s attitude was to ignore them.

Notably there is no record of Bevin passing comment on these proposals, suggesting either that his attentions were directed elsewhere, or that American suggestions were actively suppressed within the department. If the former suggestion is correct, it is perhaps unsurprising. In June Bevin had become extremely ill, a kidney operation leaving him bedridden, “only half alive” and unable to take an active role in the Foreign Office’s day-to-day management. That the department looked so rudderless in his absence indicates a clear over reliance on the talismanic Foreign Secretary, something that was undoubtedly exacerbated by his highly personal approach to policy. However, if the latter was the case, it casts a long shadow over the Foreign Office’s personnel and raises questions as to their suitability to conduct British policy overseas.

British intransigence did not go unnoticed in Washington where fears persisted that their domineering attitude, as demonstrated by the AIOC, could have long term ramifications for security in the Middle East. In July, Joseph Wagner circulated ‘The Peculiar Position of the British in Iran’, a report that proposed that the company “act[ed] as a law unto itself.” He insisted that the United States needed to adopt a firmer line towards the AIOC, suggesting that “the Tehran officials of the oil company [have] operated upon the principle of disregarding Americans. This is changing today.” Additionally, Wagner called on the State Department to encourage the British government to use its “absolute veto power” to curb the company’s worst excesses and force them towards a more conciliatory position. The report was widely circulated within the Truman administration and illustrates their hardening position. A tougher stance was even adopted by Acheson himself. He privately warned that that AIOC “intransigence” could be detrimental to international peace and warned Embassy staff in London that State Department officials were “at [a] loss [to] understand AIOC attitude, in view of seriousness [of the] present situation.”

Determined to influence their allies course, McGhee was dispatched to London in September 1950 to discuss collaboration to safeguard Greece, Turkey and Iran from communist subversion. During these discussions it became clear that the United States saw the Supplemental Agreement as vital to Iran’s future and that to

888 Joseph Wagner, The Peculiar Position of the British in Iran, 29 July 1950, RG 59/641.88 NARA.
889 Ibid.
890 Ibid.
891 The Secretary of State to American Embassy, London, 14 July 1950, RG 59/888.2553 NARA.
achieve its passage the British should agree to two modifications. First, “the UK simply had”, according to McGhee, “no alternative [other than] to provide the Iranians with their dollar requirements”, especially because the AIOC’s operations were “exceptionally profitable.” This would be achieved through a guarantee that all future royalty payments would be freely convertible. Second, it was made clear that the British should endeavour to provide direct assistance to the Iranian government, preferably in the form of an advance of AIOC royalties.

It is notable that while the Under-Secretary recognised the Supplemental Agreement’s ratification as an “essential element in strengthening the country and in maintaining the Razmara government”, he was scathing that the AIOC had not shown the “same sense of urgency about the matter” and had failed to engage with successive administrations. McGhee found support for his views from the American oil industry. A former seismologist with a wealth of experience excavating oil fields through his firm the McGhee Production Company, McGhee undertook discussions with leading executives who suggested that “compliance with it [the Iranian government] would be a sound commercial proposition.”

McGhee’s transatlantic mission is important as an example of the United States’ efforts to push Britain towards a more amenable position. It demonstrates that while the USA was not willing to commit itself financially to maintaining Iranian stability, it recognised the country’s strategic importance and, despite their differences, was resolute in its determination to use London as a proxy to secure them. In recognition of this pressure, the British response to McGhee’s mission was slightly more malleable than had previously been seen. Leading Treasury official M. E. Ashe agreed to the introduction of “temporary convertibility” for Iran as a “quite exceptional” measure and a means of increasing time for negotiations between Tehran and the Export Import Bank. Similarly, Bank of England officials offered their support on the condition that any dollars earned through Iranian exports be used for noncommercial requirements and the servicing of foreign debt, which would in turn help to maintain sterling’s position and demand for British products.


894 Ibid., 599-600.

895 Ibid., 593-596.


897 Returning to Louis and Robinson’s ‘The Imperialism of Decolonisation,’ it seems clear that McGhee’s purpose was to rein in the British and to provide a sharp reminder that not only was their power far from guaranteed, but that it could in fact be damaging to wider Western, and specifically American, interests. As Louis and Robinson note: “the Americans gave priority to anti-communism over anti-colonialism.” If the British were to achieve American support for their policy in Iran it would have to be considered as safeguarding the country from threat of communism. Faced with a stagnant economy and rising nationalism this looked to be far from the case. Louis and Robinson, ‘The Imperialism of Decolonization,’ 467.

898 M. E. Ashe to T. Ramsbotham, 7 October 1950, FO 371/82341 NA.

899 D. A. Logan to M.E. Ashe, 14 October 1950, FO 371/82341 NA.
Concurrently talks on the Supplemental Agreement continued between the AIOC and the Iranian government. Shepherd warned the Foreign Office that the Iranian government’s “only income” came from oil royalties, but that the £5 million it had received in advanced royalties in July 1949 had already been spent and, as a result, they were looking to secure £8 million as an “immediate advance on [future] royalties from the AIOC.” Although Foreign Office officials had previously floated the idea of “arranging assistance e.g. in the form of a bank loan on the London market secured against AIOC royalties” they now made clear that Shepherd should “take the opportunity when you call on Rasmara [sic] of pointing out that all these financial difficulties would be solved by ratification of [the] Supplemental Oil Agreement and of ascertaining what his intentions in that regards now are.” This message was repeated during meetings between Treasury and Foreign Office staff in which Furlonge “stressed that the British loan should be used as an incentive to ratification of the Supplemental Agreement” and the idea of using a loan as leverage for the Supplement Agreement’s passage through the Majlis subsequently received AIOC support. McGhee’s reaction to these proposals was to suggest that the company “had not shown the same sense of urgency” he had expected before ridiculing suggestions that it was short of capital because “there was little it could not afford to agree to.”

In perhaps his most insightful piece of correspondence as Ambassador, Shepherd addressed Furlonge’s proposals, noting that “the question is no longer purely commercial or financial but involves [the] fate of the most promising government Persia has had since the war” and warning the “opposition has...launched a petition to cancel the oil concession altogether.” Rather than force Razmara into a potentially disastrous settlement, he called for greater flexibility during negotiations and an immediate advance of £5 million “in royalties at 1933 rates.” The Ambassador also met with the Prime Minister himself and again insisted that the “simplest method of obtaining the necessary funds would be to secure the immediate ratification of the Supplemental Agreement.” In a message to the Foreign Office, he suggested that Razmara “had been counting on loans from the United States” and that with the much expected capital as yet unforthcoming, Britain needed to take a greater role in preserving stability.

While Shepherd’s tenure may be criticised for his insular and, at times, ignorant analysis of the Iranian people, it appears that he recognised the benefits of bowing to American pressure and making some concessions to Iran. Throughout 1950 the United States’ calls for London to modify its approach in Iran had grown louder, and yet the Attlee government had shown only limited appetite for change. It is clear that

900 Shepherd to Foreign Office, 6 September 1950; Shepherd to Foreign Office, 7 September 1950, FO 371/82342 NA.
901 Foreign Office to Tehran Embassy, 29 August 1950; Foreign Office to Tehran, 7 September 1950, FO 371/82342 NA.
902 Meeting at the Treasury Minutes, 28 August 1950, FO 371/82342 NA; Arthur L. Richards to State Department, ‘Iran at the End of Summer, 1950’ 25 September 1950, RG59/788.00 NARA.
903 Note: Rountree describes American policy as seeking to “introduce a note of realism” and “induce the British Government to escape from its bondage” to the Company in Iran. Rountree Memorandum for McGhee, 20 December 1950, FRUS, 1950 Vol. V, The Near East, South Asia and Africa, 634; Heiss, Empire and Nationhood, 35.
904 Shepherd to Foreign Office, 10 September 1950, FO 371/82342 NA.
905 Shepherd to Younger, 18 September 1950, FO 371/82342 NA.
906 Ibid.
without some form of financial support Razmara’s government faced ruin and Iran risked spiraling into anarchy. This would not only force the United States to reassess Britain’s worth as a strategic partner, but be disastrous for the AIOC. Following Shepherd’s advice, the Foreign Office agreed to a revised approach and proposed that royalties be freely convertible “to enable Razmara to balance his budget and promote the execution of the Seven Year Plan.” Additionally, it was suggested that talks reopen on the possibility of both the company providing financial assistance in the form of a cash advance on royalties and the Iranian government auditing the firm’s records. In one of a dwindling number of comments on Iran, Bevin noted that Razmara was employing “the bazaar method of negotiating” and, though it was felt that there was “little chance of Persia going communist”, the United States’ “increasing impatience” necessitated a reevaluation of the Supplemental Agreement’s terms, whatever the ramifications for Britain’s economic position in Iran. However, as McGhee feared, the greatest bulwark to any such action remained the Anglo-Iranian Oil Company itself.

The Oil Company Responds

AIOC Deputy-Chairman Basil Jackson dismissed calls for any further discussions on the Supplemental Agreement, suggesting that Razmara’s proposed modifications were ill conceived and that “the company could not”, for example, “have their books audited by Persians, since this would give infinite opportunities for troublemaking.” Jackson also quashed any hint that the AIOC could provide financial support to Iran, on the basis that “the company was not a bank [and as such] it could not lend money.” Moreover, the AIOC’s board of directors appeared unable, or perhaps unwilling, to recognise Iranian complaints of inherent unfairness within the company. For example, lingering complaints that the AIOC’s leadership was entirely British were brushed off on the grounds that “ninety-seven percent” of the company was “already Iranianised.” Similarly, claims of AIOC meddling in Iranian politics were ignored completely.

With the company unwilling to entertain the notion of lending money to Iran, other methods of supporting Razmara’s government were discussed. Furlonge, for example, suggested that a “bank loan or a direct governmental loan” should be considered. Although he noted that there were “serious obstacles” to this approach and that it could even “require [new] legislation”, he also recognised that American “anxiety” towards “the question of aid to Persia” required action previously deemed extreme. His message was given even greater resonance following talks between Britain’s Ambassador to the United Nations, Sir

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907 Foreign Office Minute ‘Financial Assistance to Persia,’ 19 September 1950, FO 371/82342 NA.
908 Bevin to Franks, 12 August 1950, FO 371/82375 NA; G. W. Furlonge to Young (Treasury), 18 Sept 1950 FO 371/82342.
909 Foreign Office Minute ‘Basil Jackson on Anglo-Iranian Oil Company’s Position Regarding Principal Modification,’ 14 September 1950, FO 371/82342 NA.
910 Ibid.
911 Ibid.
912 Ibid.
913 G.W. Furlonge to Young (Treasury), 18 September 1950, FO 371/82342 NA.
914 Ibid.
Gladwyn Jebb and Secretary of State Acheson. Jebb informed Bevin that the State Department considered “arrangements for the loan [as] practically complete” and had “been proceeding on the assumption that the Persians would be able to convert sterling into dollars for the servicing of the loan.”

Jebb also alluded to the Secretary of State’s growing frustration, suggesting: “Mr. Acheson [had] said that the sum involved in dollars was a relatively small one and the United States Government hoped that in view of the political importance to both countries of taking all possible steps to counteract Soviet pressure on Persia His Majesty’s Government would be prepared to waive their objections and agree that the Persians should be allowed to convert the necessary amount of sterling into dollars.” He also stressed that the matter was one of “considerable urgency.”

Acheson’s recollections of autumn 1950 reveal a growing obsession with increasing French, German and British participation in international defence, and the creation of “viable” regional partnerships. Against this background of burgeoning cooperation it is perhaps unsurprising that he, and the American administration more generally, looked for Britain to make sacrifices in Iran for the benefit of wider international security. In a September report entitled ‘Anglo-American Differences Over Aid to Persia’, counsellor to the British Embassy, Washington, B. A. Burrows, suggested that the Americans felt that “no real progress [could] be made in the economic rehabilitation until this [ratification] is accomplished” and that the British government should force the AIOC to make conciliatory amendments to the Supplemental Agreement to ease its passage through the Majlis. Indeed, Director of the Office of Greek, Turkish and Iranian Affairs William Rountree recorded his surprise towards what he saw as London’s obstinate position “despite the present world situation.” To the Director, it was unfathomable that Britain was so single minded and refused to take into full consideration the threat to democracy posed by the Soviet Union. Referring to London’s approach as “nonsense” Rountree urged that Washington be more bold and seek to “introduce an element of realism into British thinking.”

In the State Department discussions as to the best course of action in Iran grew deeper and more intense. A September position paper emphasised the potentially “adverse results of the loss of Iran” and warned that communist unrest there could take one of four distinct forms: “direct Soviet invasion”, “the establishment of a communist regime in Azerbaijan”, the “establishment of a communist regime in the whole of Iran” and, finally, “the fermentation of serious troubles in the oil fields.” Such was the perceived threat that even action deemed “provocative to the Soviet Union” was regarded as an “acceptable risk”, including stationing

915 Sir Gladwyn Jebb (United Nations) to Foreign Office, 29 September 1950, FO 371/82342 NA.

916 Ibid.

917 Acheson, Present at the Creation, 426-454.

918 B. A. Burrows to R. E. Barclay, ‘Anglo-American Differences Over Aid to Persia,’ 12 September 1950, FO 371/82343 NA.

919 Memorandum by the Director of the Office of Greek, Turkish and Iranian Affairs (Rountree) for the Assistant Secretary of State of Near Eastern, South Asian and African Affairs (McGhee), 20 December 1950, FRUS, 1950, Vol. V, The Near East, South Asia and Africa, 634.

920 Ibid., 634-635.

921 Memorandum of Conversation: Security of the Middle East and Iran, 18 September 1950, RG 59/611.41 NARA.
British and American troops in Iraq and southern Iran itself. However, despite American promises to “continue vigorous Cold War action in the Middle East”, the United States’ Joint Chiefs of Staff remained adamant that they “would not send forces to this area”, even in the event of invasion by the Soviet Union. This statement, made during transatlantic military discussions, illustrates the continued limitations of the United States’ Middle Eastern policy. Although Iran was now deemed an area of strategic importance there was no desire to commit either men or capital there, despite Grady’s claims of their necessity. Instead the United States was forced to rely on Britain as a defensive shield against communist subversion and redouble their efforts to shape British policy where necessary i.e. by insisting upon a “favourable AIOC settlement” as an “important Cold War measure.” This reinforces both Alex Danchev’s description of a “functional” relationship between the two nations and Kathleen Burk’s identification of the USA’s “new appreciation of the value of the British Empire”, despite finding aspects of it unpalatable.

The Limits of British Influence

On 2 October, Shepherd informed the Foreign Office that Razmara would publicly endorse the Supplement Agreement, provided five modifications were made. These were piecemeal and designed as a sop to nationalist factions. For example, a clause that “Persian royalties would never be less than those of Iraq” and an unspecified level of “control” over exports. Other modifications included the free use of gas produced during oil extraction, the receipt of “oil equal in quantity to that used by the company itself in Persia” and “complete Persianisation in ten years, except for certain chiefs of departments, and other high posts, and necessary experts and technicians.” Shepherd suggested that the Shah had instructed Razmara “to take immediate steps to solve the oil question” and that the Prime Minister did not expect to “get all he has asked for.” Rather, the proposed additions served to assuage the Parliamentary Oil Commission and dissuade them from making further requests “which will only be turned down.” Privately, Shepherd described the Prime Minister’s approach as being a “sort of bogus cock fight in the course of which one feather would be lost…and this the Prime Minister would stick triumphantly in his cap.” Foreign Office officials were confident that the AIOC would not “close the door on discussions with Razmara”, provided the Prime

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922 Ibid.
923 Summary of Conclusions, US-UK Politico-Military Conversations, 26 October 1950, RG 59/611.41 NARA.
924 Ibid. The pursuit of an independent American foreign policy in the Middle East became clear from 1952 onwards with, then head of the US Policy Planning Staff, Paul Nitze’s suggestion of a Middle East Defense Organization to provide security for petroleum producing countries from external aggression. Although abandoned following Egyptian president Gamal Abdel Nasser’s refusal to join the organisation, similar impulses eventually led to the signing of the Baghdad Pact and creation of the Middle East Treaty Organization in 1955.
925 Danchev, ‘On Specialness’, 739; Burk, Old World, New World, 577.
926 Shepherd to Foreign Office, 2 October 1950, FO 371/82343 NA.
927 Ibid.
928 Ibid.
929 Ibid.
930 Heiss, Empire and Nationhood, 37.
Minister did not request any “fundamental modifications” to its terms. Although they maintained that the agreement was “wholly fair”, they recognised that minor changes might be needed to “clinch matters” and ease its ratification in the Majlis.

This view was reflected by the company’s chief representative Ernest Northcroft. Northcroft admitted that he was authorised to agree to certain concessions, including increased quarterly royalty payments and a reduction in the prices charged to the Iranian government of products including lubricating oil and bitumen, but urged Razmara to focus on the “solid benefits” that would follow ratification, rather than modifications the Majlis could dismiss as “trivial.” Northcroft’s admission can be interpreted as demonstrating the AIOC’s softening attitude towards Iranian demands and the Attlee government’s success in bringing the company into line. However, as Northcroft himself admitted, the agreed modifications were unlikely to stand up to close public scrutiny. As such it is unsurprising that he urged Razmara to force the agreement through the Majlis before any opposition could articulate itself. The dangers of this approach are illustrated by communications between the Foreign Office and Tehran Embassy, which hinted at “interpellations” against Razmara on the grounds of his covert discussions with the AIOC and perceived disrespect for the Majlis. There is no evidence to indicate that Shepherd investigated these rumours, rather his correspondence from October 3 onwards focused solely on the terms of the Supplemental Agreement.

As Britain’s principal figurehead in Iran Ambassador Shepherd undoubtedly should have developed a better grasp on domestic politics. Had he done so, he may well have recognised that Razmara had grown increasingly unpopular, even amongst his former supporters. Homa Katouzian suggests that while Razmara had the support of Iran’s military behind him, he was seen as an enemy of “the entire religious leadership and community, whether the conservative religious establishments or the radical religious tendencies.” Similarly, Katouzian argues that Razmara operated solely within the elite political class and failed to comprehend the growing weight of opposition to his leadership coming from both the bazaar and the National Front. Mary Ann Heiss has also charted opposition to Razmara, proposing that by late 1950 a broad, united struggle against “the court-military complex” was emerging at a popular level, “their immediate goal was rejection of the Supplemental Agreement; their ultimate aim was the implementation of parliamentary reforms...that would lead Iran to democracy and real independence.”

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931 Foreign Office to British Embassy, Tehran, 5 October 1950, FO 371/42343 NA.
932 Foreign Office to British Embassy, Tehran, 5 October 1950, FO 371/42343 NA.
933 Foreign Office to British Embassy, Tehran, 27 October 1950, FO 371/82343 NA.
934 Ibid.
935 Foreign Office to British Embassy, Tehran, 3 October 1950, FO 371/82343 NA.
936 Katouzian, Mussadiq and the Struggle for Power in Iran, 80.
937 Ibid., 86-90.
938 Heiss, Empire and Nationhood, 17. See also: Abrahamian, Between Two Revolutions, 260.
Although Shepherd had an astute awareness of the United States’ interest in Iran and concerns towards British policy there, the disdain he felt towards the Iranian people and his unwillingness to engage in domestic politics hindered the quality of his reporting to London. A clear example of this was his characterisation of Iran’s opposition groups as “numerically small and vocally stentorian.”\textsuperscript{939} While the National Front’s representation in the Majlis was undoubtedly small they had gained control over the Majlis oil committee with Mussadiq serving as its chair.\textsuperscript{940} This oversight hindered the quality of his reporting and led to complacency as to the strength of Razmara’s position. Shepherd also grossly underestimated Mussadiq’s abilities as a leader, suggesting not only that his ascent could be a “blessing in disguise because he will prove a failure in a very short time” but also that “he seemed to be more of an extreme nuisance than a serious and constructive statesman.”\textsuperscript{941} The Ambassador went as far as to cast aspersions on his character, suggesting Mussadiq “diffuses a slight reek of opium...and he gives the impression of being impervious to argument.”\textsuperscript{942}

Though economically important, Iran remained at the fringe of Britain’s world view. The Foreign Office lacked a clear programme of policies there and there appears to be little to no external monitoring of the political climate, raising the importance of the Embassy’s judgement. Repeatedly, Shepherd demonstrated a tendency to underestimate the depth of opposition, to both continued British participation in the country and the Razmara government. His focus on Mussadiq as a suspected drug user, rather than the figurehead of an increasingly popular nationalist movement highlights a misplaced focus on trivial details and inability to engage with wider political realities. With Bevin incapacitated and the Foreign Office uncreative and lacking in energy, Shepherd missed an opportunity to influence policy from the ground up and to provide adequate guidance for London on conditions in Iran.

Shepherd’s failure to understand Iranian politics may also be attributed to the limited number of identifiable political bodies in the country. As discussed in the previous chapter the AIOC, British Embassy and Iranian government had made successive efforts to exert greater control over the trade union movement, under the pretext of establishing a more regulated system of exchange between workers, employers and legislators. The result had been catastrophic as workers, skeptical of the true aims of the new state-sponsored unions, rejected joining them \textit{en masse}. Razmara’s appointment entrenched this view further. As Chief of General Staff Razmara had undertaken union busting acts and had “advised” independent trade unionists to avoid action which could “break up ESKI” by drawing workers to other unions.\textsuperscript{943}

An increase in antiunion measures taken by the AIOC had not helped matters. In a July exchange with the Foreign Office, Shepherd noted complaints that they had a “policy of subcontracting work previously performed by Company employees” and a “hostility to workers’ organisations.” As a result the Oil Workers

\begin{itemize}
\item \textsuperscript{939} Shepherd to Bevin, 24 November 1950, FO 371/82343 NA.
\item \textsuperscript{940} Katouzian, \textit{Mussadiq and the Struggle for Power in Iran}, 90-91.
\item \textsuperscript{941} de Bellaigue, \textit{Patriot of Persia}, 160; Shepherd, \textit{Never Trouble Trouble}, 42.
\item \textsuperscript{942} Shepherd to Furlong, 6 May 1951, FO248/1514 NA.
\item \textsuperscript{943} American Embassy Tehran ‘Monthly Labour Report,’ 1 December 1949, RG 84/2257 NARA.
\end{itemize}
Union had “practically ceased to function.”

Though numerically small, the Iranian trade union movement had played a vital role in providing a voice for workers and a rallying point for the country’s largest disenfranchised working classes. Trade unions had also served as a barometer of Iranian dissatisfaction and helped to shape British policy to counter this. However, action to limit the power of independent unions and replace them with state-sponsored equivalents had diminished workers’ representation and silenced the collective voice of many. This result was the opposite of what Bevin had hoped to achieve and effectively silenced one of the few political outlets available to ordinary Iranians.

It should be noted that between 1945 and 1950, the AIOC registered profits of over £250 million with the British government receiving in excess of £90 million in taxes. Further still, the AIOC’s total net worth was estimated by the State Department to be £82 million at the beginning of 1950. With Britain’s economic position still somewhat precarious it seems remarkable that so little attention was paid to safeguarding this asset. While the decline of trade unionism and a lack of identifiable political bodies may have made it harder to understand the depths of Iranian dissatisfaction, the levels of vitriol displayed against Britain, both in the streets and the Majlis, should have prompted alarm bells. Ambassador Shepherd was undoubtedly a guilty party in this. Blinkered by orientalism, he simply failed to get to grips with Iranian nationalism.

Although the Foreign Office had agreed to modify the Supplemental Agreement, American officials remained unsure of their allies’ commitment to an equitable settlement in Iran. In his strongest statement to date, Dean Acheson noted his “disappointment...on the question of the Anglo-Iranian Oil Company Supplemental Agreement.” When privately assessing the situation, the Secretary of State suggested that not only was Iran “directly exposed to internal and external communist aggression”, but also that the “absence [of] other western powers able or willing to furnish [the] needed assistance prompts US [to] render military and economic assistance.” This was an early, though still implicit, suggestion that the United States could take a more active role in Iran. It can be interpreted both as a warning that Britain risked losing its foothold in Iran and also that Washington had lost patience with Whitehall’s inability to reach an agreement with Tehran. This situation is redolent of Christopher Thorne’s description of a “close and yet particularly strained” relationship between the two powers and of Hathaway’s suggestion that mutual suspicions, divergent goals and misapprehensions prevented the establishment of an interdependent policy between them.

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944 Shepherd to Foreign Office, enc. ‘Labour attaché’s report on the AIOC, 23 June 1950,’ 10 July 1950, FO 371/82378 NA.
945 Yergin, The Prize, 433.
946 Raynor to Perkins, ‘Economic Importance of Iranian Oil to the UK’ 14 June1951, RG 59/888.2553 NARA.
947 Oliver Franks to Foreign Office, 30 November 1950, FO 371/82343 NA.
949 Thorne, Allies of a Kind, 725; Hathaway, Ambiguous Partnership.
Acheson undoubtedly viewed the AIOC as being the crux of the problem. Not only did the company help to create political instability, but it had retarded economic development.\footnote{Ibid.} In a warning to Sir Oliver Franks, a diplomatic contemporary, but also a close friend, Acheson mentioned “in the utmost confidence” the “financial demands [made] upon the Arabian-American Oil Company (Aramco)” by the Saudi Arabian government, demands which, if they became known to the Iranian government, would “make the position of [the] AIOC in relation to [the] financial terms of the proposed agreement far more difficult.”\footnote{Oliver Franks to Foreign Office, 30 November 1950, FO 371/82343 NA.}

Aramco, Nationalism and the Necessity of an Agreement

The proposal alluded to by Acheson above would change the nature of oil control in the Middle East and see the Saudi Arabian government enter into an equitable profit sharing agreement with Aramco, the first of its kind in the region.\footnote{Yergin, The Prize, 425 - 431.} To McGhee an agreement of this nature was inevitable because “the Saudi’s knew the Venezuelans were getting 50/50...and why wouldn’t they want it too?”\footnote{George McGhee Interview with Daniel Yergin (undated) quoted in ibid., 429.} Acheson recognised that if details of the Aramco-Saudi deal became publicly known Iranian resistance to the Supplemental Agreement would not only increase, but provide a basis for a complete renegotiation of its terms. Daniel Yergin suggests that the company had been made aware of the agreement’s terms before the British government and had sought to expedite the Supplemental Agreement’s passage accordingly.\footnote{Ibid.} A more subtle, but no less important, effect of Aramco’s proposed settlement was that it presented, according to Paul C. Parke, the US Treasury’s representative to the Middle East, an opportunity “to develop a new basis for stability in the oil picture in the Persian Gulf and at the same time take positive action which may improve the situation in Iran.”\footnote{Paul C. Parke to George McGhee, 27 December 1950, RG 59/888.2553 NARA.} Like McGhee, Parke believed that the Aramco deal would become the standard throughout the Middle East. However, he also added that the AIOC’s weak bargaining position offered a valuable opportunity for American firms to expand into a previously closed region. Parke’s approach was revolutionary. Not only had he recognised Britain’s weakness, but he hoped to capitalise upon it too.

Given his earlier role as the foremost demonstration of American private power in Iran it is perhaps surprising that Max Thornburg was not given a more central role in Washington’s policy there, especially given Parke’s outlook, which closely mirrored his own. However, by late 1950 Thornburg was seen as a potential hindrance to the successful implementation of American policy. According to Grady, Thornburg had “irritated many people here” and was “inclined to take things into his hands that do not concern him.”\footnote{Grady to William M. Rountree, 3 November 1950, Henry Grady Papers, Box 3, HSTL.} Perhaps more importantly fears existed that Thornburg was “spread[ing] himself out into political matters”
that did not concern him and could arouse suspicion of the USA’s intentions in London.\footnote{957}{Ibid.} Grady suggested that Thornburg’s time in Iran had had its successes, not least in providing a visible manifestation of American interest there, but with control becoming formalised there was “no harm whatsoever” in him leaving voluntarily, or indeed being removed.\footnote{958}{Ibid.} Grady’s concern was undoubtedly raised by Thornburg’s decision to take up an advisory role with the Iranian government, enter into talks with AIOC staff in London and, subsequently, “report” directly to Razmara on his findings.\footnote{959}{While Thornburg had at one stage declared himself the person most capable of “feeling out the AIOC people on the possibility of revising certain provisions of the Supplemental Agreement” his power in Iran had seemingly ebbed.} Partly this was the result of Iran’s economic deterioration and the limited resources available for investment and reform. However, Thornburg’s decline in influence also rested on the State Department’s growing interest in Iran, which depleted the space available for informal diplomatic actors to exert their influence and diminished his ability to move freely between posts.

In a last ditch effort to maintain his position, and despite his previous advocacy of Razmara, Thornburg made overtures to the National Front, including a meeting with Mussadiq with whom he “discussed the oil problem” and future foreign investment.\footnote{960}{Henry Grady to the Department of State, 22 September 1951, Henry Grady Papers, Box 3, HSTL.} Critically, Thornburg suggested that the State Department was “knuckling under” British pressure and undermining the image of fairness that Washington sought to display.\footnote{961}{Ibid.} Alarmed that Thornburg was looking to “promote a job for himself”, regardless of the effect it could have on a “proper solution” to the oil question, Grady requested that the State Department ask him to return to the United States.\footnote{962}{Ibid.} The Ambassador would later muse that Thornburg had attempted to “distort” the situation and maintain space for private sector investment, even if it was to the detriment of the United States’ diplomatic efforts.\footnote{963}{Ibid.} While Thornburg’s zeal for private investment opportunities had once been seen as offering Iran a path to modernity, it now appeared illusionary, the day dream of a man whose claims and potential for power never quite reached fruition.

Despite repeated American warnings, neither the AIOC or the British government were willing to change the fundamental terms of the Supplemental Agreement. Rather, they looked for alternative means of assuaging State Department fears towards their Iranian policy. Aid was readily identified as a means of not only

\footnotetext[957]{Ibid.}{957}
\footnotetext[958]{Ibid.}{958}
\footnotetext[959]{‘Report of Discussions between Al F. Lager, Regional Petroleum attache, and the Prime Minister of Iran and Max Thornburg Relating to Revision of Supplemental Agreement’ enc. Paul C. Parke to George McGhee, 27 December 1950, RG 59/888.2553 NARA.}{959}
\footnotetext[960]{Paul C. Parke to George McGhee, 27 December 1950, RG 59/888.2553 NARA.}{960}
\footnotetext[961]{Henry Grady to the Department of State, 22 September 1951, Henry Grady Papers, Box 3, HSTL.}{961}
\footnotetext[962]{Ibid.}{962}
\footnotetext[963]{Ibid.}{963}
\footnotetext[964]{Ibid.}{964}
winning popular support, but also of aiding Razmara’s vulnerable economic position. However, while Shepherd hoped to deliver £3 million to Tehran as a one-off payment, his offer received a “cool reception” from Razmara, suggesting the Prime Minister hoped to avoid being identified as working too closely with the British. Instead, Bevin suggested that British policy become one of “offering advice” to the Iranians on development issues, thereby “avoiding the error...of appearing to dictate to these tiresome and headstrong people.”

These conflicting suggestions demonstrate the lack of clarity within British policy in Iran and reinforce the sense that there was an absence of a longterm vision there. While some modifications to the Supplemental Agreement had been encouraged, they were to be limited in scope and there was little discussion of how they would be received in Iran itself. Similarly, although aid was offered to Razmara, it was not in a form that would allow him to avoid charges of collusion from the Majlis’ more reactionary factions. In part, these conciliatory offers were a response to American concerns that Britain’s policy in Iran was counterproductive and inflammatory, but they did little to soothe Washington’s concerns and Secretary of State Acheson remained a consistent critic of Britain’s “divergent” strategy in Iran.

It is telling that Acheson has been referred to as the “British accent in American foreign policy” by John T. McNay, and as a consistent friend to the Attlee government. It is undoubtedly true that Acheson had strong personal links with both Ernest Bevin and British Ambassador to Washington, Sir Oliver Franks. However, his support was not unconditional, but rested on the qualification that British policy be of benefit to the United States. In Iran this did not appear to be the case and by the end of 1950 the United States was casting a weary eye over its allies’ approach to a country seen as ever more susceptible to economic collapse and communist insurrection. While Iran, and indeed the Middle East, had previously been identified as an area of British primacy, this was no longer the case and, as nationalist tension grew stronger, Washington’s confidence in British capabilities diminished.

The Anglo-American relationship seems at its heart to be one of functionality and British policy no longer seemed to be serving, but was perhaps even threatening, American goals in Iran. The British Embassy in Tehran and the AIOC seemed impervious to the challenges posed by Iranian nationalism, yet the United States were keenly aware of them, not least the potential for geopolitical instability and Soviet advancement. Hathaway’s suggestion of “prostate England” engaging in policy that drew the ire and, eventually, the

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965 In October 1950, for example, Foreign Office officials sounded out the Company’s willingness to donate around £1 million to Tehran University as a sign of good faith and to improve technical education for Iranians. Fraser promised to give the suggestion some thought and promised he has something “up his sleeve” if required. There is no record as to what exactly the chairman was referring to, rather his cryptic tone appears to be part of an effort to avoid any further financial obligations. Minute by Wright, 24 October 1950, FO 371/82376 NA.

966 Shepherd to Bevin, 24 November 1950, FO 371/82343 NA.

967 Bevin to Shepherd, 15 December 1950, FO 371/82343 NA.

968 G. W. Furlonge, ‘Aid to Persia,’ 5 December 1950, FO 371/42343 NA.

969 John T. McNay, Acheson and Empire: The British Accent in American Foreign Policy, (Columbia, Missouri, 2001), 9.

970 Undoubtedly the most comprehensive study of Acheson’s close relationship with Franks is Hopkins, Oliver Franks and the Truman Administration.
intervention of the United States is particularly appropriate.\textsuperscript{971} As functionality, the key feature of the Anglo-American relationship, waned, so too did American patience. Ominously, in one of the American Embassy’s final cables to Washington in 1950, interim \textit{charge d’affaires} Richards warned the Secretary of State that the first press releases demanding oil nationalisation had been made by The Organisation of Tehran University Students (OTUS) and unnamed religious leaders, suggesting increasingly organised opposition to British policy.\textsuperscript{972}

OTUS’ statement was followed by others from ever more powerful sources. The faculty of Tehran University submitted a Majlis resolution demanding “the assertion of national sovereignty over the oil industry” while Mussadiq, addressing a crowd of over 12,000 in Tehran, called on the Majlis to reject the Supplemental Agreement whatever its form, arguing that the “conflict would not be resolved until the entire oil industry was nationalised.”\textsuperscript{973} Those taking part in the protests were generally drawn from Iran’s urban middle class who, literate, aware of changing international conditions and fiercely patriotic, stood as a vanguard against British rule. The process of “social mobilisation” that succinctly described the Tudeh’s emergence was in full effect as revolutionaries, drawn mainly from the metropolis and often well educated, came together to challenge what they saw as colonial oppression.\textsuperscript{974} A regional comparison can between the social makeup of Iran’s young revolutionaries and the “effendis” class in Egypt, as identified by Guy Laron.\textsuperscript{975} Laron proposes that Britain’s administrative control over Egypt inspired “young, educated, angry men” to become the vanguard of protests against foreign rule and their country’s traditional, collaborative political class.\textsuperscript{976} The “general hostility towards foreigners” described by Laron bears clear similarities to the nationalist fervour whipped up by Mussadiq his cohorts. Similarly, Laron proposes that Bevin’s postwar policy towards Egypt, although initially tinged with language to promote economic development and the empowerment of the masses, was stymied by the necessity of exploiting the country’s economic potential. In short, Ernest Bevin’s “benevolent schemes” were to come to a ruinous and “tragic” end.\textsuperscript{977}

Writing in ever graver tones, Shepherd warned of a growing “feeling of tension” and increasingly “violent attacks on oil companies and on Great Britain.”\textsuperscript{978} These statements reported a growing zeal for measures previously deemed impossible. While the British viewed the Supplemental Agreement as a means of preserving the status quo of informal empire, Iran’s political class had become revolutionary. Razmara’s inability to keep control of the Majlis was assured on 26 December when he collected just forty-five

\textsuperscript{971} Hathaway, \textit{Ambiguous Partnership}, 305.

\textsuperscript{972} A. L. Richards to the Secretary of State, 22 December 1950, RG 59/888.2553 NARA.

\textsuperscript{973} Abrahamian, \textit{Between Two Revolutions}, 265.


\textsuperscript{976} Ibid.

\textsuperscript{977} Ibid., 221-23 & 233.

\textsuperscript{978} Shepherd to Foreign Office, 21 December 1950, FO 371/82377 NA.
signatures for a bill authorising continued negotiations with the AIOC, thirty short of the number needed. Despite a “spirited defence of [the] Supplemental Agreement...in the face of uproar on the floor of [the] House, supported by journalist in [the] gallery”, the Prime Minister was humiliatingly forced to withdraw it, raising questions as to his own authority. In talks with Shepherd Razmara stated that “it was impossible to work with this Majlis”, indicating his loss of parliamentary authority. With a palpable sense of tension rising he suggested that “his only reasonable course of action was to advise the Shah to dissolve Parliament.”

1951: The Beginning of a Revolution

Mussadiq: A “Demagogue” or “a Gandhi”? The language used by the National Front highlights what Mussadiq called the “moral aspect” of oil nationalisation and enabled them to dispense with the “economic aspect” of this measure. To the National Front’s supporters, ownership of Iranian oil, rather than its profitability for the country was the key question. For Iran to develop, they argued, the country must have total control over its resources and be free from the yoke of informal dominance. There was, quite simply, no room for compromise, but only the clear distinction between freedom and oppression. A brief analysis of the terms of the Supplemental Agreement demonstrates its potential benefits for the Iranian economy. Under the terms of the 1933 Concession Iran received little over £9 million in 1948 and approximately £13.5 million in 1949. However, under the Supplemental Agreement these figures would have been £18.7 and £22.9 million respectively. If Britain were to suspend dividend limitation completely or if new oil sources were uncovered, there was potential for these figures to increase greatly. Indeed, the American Embassy, Tehran predicted that even with the ongoing disorder in Iran, total royalties for 1950 would top £26.4 million if the Supplemental Agreement was ratified.

Iran also lacked the capacities needed to run the oil industry. In a meeting with Shepherd the Shah revealed his concern that if nationalisation went ahead Iran would not be able to “organise the export of oil.” Continuing, he stressed that “they had not the experience and technical ability either to extract and refine the oil or to organise, for instance, a large fleet of tankers...it was therefore incumbent on the Parliament to take a

979 Shepherd to Foreign Office, 26 December 1950; Shepherd to Foreign Office, 27 December 1950 FO 371/82377 NA.
980 Ibid.
981 Ibid.
982 de Bellaigue, Patriot of Persia, 144.
984 Ibid.
985 Ibid.
986 Shepherd to Foreign Office, 14 October 1950, FO 371/82376 NA.
reasonable attitude towards the oil question.” 987 The Shah’s outlook mirrored Assistant Head of the Eastern Department Lancelot F. L. Pyman’s suggestion that “almost no Persian seriously claims that Persia could manage the oil industry without foreign help.” 988 However, while Pyman felt that “these sentiments result in a permanent feeling of resentment towards the concessionary company and the British Government”, the National Front’s supporters were adamant that the short-term economic consequences of nationalisation were greatly outweighed by the long-term benefits of sovereignty and self-determination. 989

Henry Grady recognised this phenomenon and the strength of Mussadiq’s allure. He had, the Ambassador wrote, become “to the Iranian people a Gandhi. They feel he is fighting for their independence from British domination and they will make any sacrifice to support him.” 990 The first British analysis of Mussadiq’s philosophy, written by Pyman in November 1950, drew quite different conclusions, suggesting that the National Front’s position was driven mainly by envy: “It is so intensely irritating to Persian national pride that the country should have to depend on foreigners for the development of its most important national resource and that the only large-scale, efficient and humanely-run industry in the country should be foreign-controlled.” 991 This note misread Iranian antipathy and negated any British responsibility for the breakdown of Anglo-Iranian relations. Additionally, Pyman’s focus on Iran’s “inferiority complex” did little to promote constructive negotiation, but instead fed into preexisting orientalism. 992

To the AIOC’s directors, and particularly chairman Sir William Fraser, the National Front’s attitude was impossible to understand. Foreign Office officials suggested that Fraser appeared “to have all the contempt of a Glasgow accountant for anything which cannot be shown on a balance sheet.” 993 Hyam argues that Fraser’s “dour, ungentlemanly” approach meant that he “never won the confidence of ministers or civil servants” for whom he had a “fire-eating contempt.” 994 This soured relations between company and government, hindering communication and the formation of viable policies. To his contemporaries, Fraser’s image was little better. A “Scotsman to his fingertips”, he was described by The Times as an “obstinate, narrow old skinflint.” 995 To Fraser the terms of the Supplemental Agreement were not only a fair compromise, but even generous, given that it would assure Iran’s financial stability for the foreseeable future.

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987 Ibid.
988 Pyman to Bevin, 13 Nov 1950, FO 371/82376 NA.
989 Ibid.
990 Henry Grady to William M. Kiplinger, 20 July 1951, Henry Grady Papers, Box 3, HSTL.
991 L. F. L. Pyman to Ernest Bevin, 13 November 1950, FO 371/82376 NA.
992 Ibid.
994 Ronald Hyam, Understanding the British Empire (Cambridge, 2010), 136.
995 The Times, 3 April 1970; Yergin, The Prize 436.
Mussadiq’s highly personal and emotional approach was also misunderstood by the British media and political establishment. While *The Times* suggested “he weeps with sincere emotion at the spectacle of his own patriotism, which is as genuine as it is hysterical, and if ardent love could make Persia strong and prosperous without the help of knowledge, sagacity or diligence, Dr. Mussadiq would be an ideal Prime Minister”, Anthony Eden referred to him as “the first real bit of meat to come the way of the cartoonists since the war.” Mussadiq was well known for his eccentric behaviour, frequently greeting guests dressed only in a pair of silk pajamas, and was keenly aware of the power of theatricality in politics. During speeches, whether in public or the Majlis, he would sob, groan in pain and even faint, metaphorically flagellating himself as he collapsed to the ground. Such tendencies saw him referred to as a “lunatic”, “a demagogue” and “a windbag” in London, while Shepherd identified him as “cunning and slippery.”

Seeing the positives in these attributes, Secretary of State Dean Acheson suggested that he was “a great actor and a great gambler” whose emotional contortionism masked deeply held beliefs nurtured over a long political career. Mussadiq’s theatricality also provided a mask for Machiavellian tendencies. Responding to the threats of violence, which hung over almost every aspect of Iranian politics, and with direct reference to the Prime Minister he publicly stated “As God is my witness - even if they kill me, tear me to shreds - I won’t submit to this sort of person...I will strike and I will be killed! If you are a soldier, I am more of a soldier. I’ll kill you right here! I’ll shed blood!” These claims were given greater resonance when Ayatollah Kashani, a firebrand cleric with links to fundamentalist Islamist groups, such as Feda’iyan-i-Islam (Warriors of Islam), issued a *fatwa* calling “all sincere Muslims and patriotic citizens to fight against the enemies of Islam and Iran by joining the nationalisation struggle” and proclaimed that Prime Minister Razmara’s pen should be snapped, a metaphor for his execution.

### Razmara Falters

Razmara’s inability to muster support for continuing discussions with the AIOC placed him in an untenable position. On January 11, in the clearest demonstration of his waning power, the Majlis passed a motion rejecting the Supplemental Agreement and instructed the oil committee to make recommendations on how to proceed within two months. Seemingly, the only options available to the Prime Minister were to request that the Shah dissolve Parliament, and hope that he could rely on the support of the military and the Royal Court, or surrender his position to the increasingly vociferous National Front. Although the former was unpalatable and perhaps even dangerous, the latter was, to a man of honour, simply incomprehensible. In a

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998 Beisner, *Dean Acheson*, 552.
999 De Bellaigue, *Patriot of Persia*, 147.
1000 Abrahamian, *Between Two Revolutions*, 265-266.
1001 Le Page to Northcroft, 11 January 1951, BP Z 0200, BPA.
clearly diminished position, Razmara boldly vowed to continue as Prime Minister, promising that “after my death the people of Iran will put up my statue!”

Despite their previously obstinate stance, by the end of 1950 AIOC officials were showing some signs to suggest that they recognised the need to broker a more pliant concession. That this was the result of nationalist pressure seems unlikely. Rather, as Geoffrey Furlonge, head of the Eastern Department, suggests the “harm which Aramco could do” had been noted and the company, fearful of the Americans “poaching on our private reserves”, now needed to respond. Ambassador Shepherd also appears to have finally realised the threat facing Britain. On December 7 he responded to George McGhee’s accusation that the “Persians had been for some years...been getting rather a raw deal” by admonishing the lack of American “sympathy” shown towards the British government, which had “in fact done what they could to secure that the AIOC should not adopt too rigid an attitude.” However, following the withdrawal of the Supplemental Agreement from the Majlis, he admitted that the time for “palliatives” was over and that that an “imaginative solution” was needed, along with “pressure brought on the company...at the highest level.” He reinforced this call on January 10, asking Foreign Office officials to “exert such pressure, as may seem called for” to bring the AIOC into line. Bevin, in an increasingly rare comment, acknowledged that the situation in Iran was getting out of hand and suggested that there was “dynamite” in the cacophony of demands for nationalisation.

An interdepartmental meeting between the Treasury, Foreign Office and Ministry and Fuel of Power, the first of its kind, was convened on 13 January, 1951, where it was decided that “there might be advantage[s]” to pushing the company towards greater flexibility, as the question of Iranian oil could no longer be “treated on a basis of finance or normal commercial practice.” Foreign Office petroleum specialist, E. A. Berthoud crystallised the new, more robust approach to the AIOC by suggesting that the company could be forcibly divided into two companies: one to manage Iranian oil and one to manage all other interests. The former could then distribute half of its profits to the Iranian government along similar lines to those established in Saudi Arabia by Aramco and include representatives of the Iranian government on its board of directors.

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1002 De Bellaigue, *Patriot of Persia*, 147.
1003 Minute by Furlonge, 21 December 1950, FO 371/91521 NA; British Embassy, Tehran to Foreign Office, 1 February 1951, FO 371/91522.
1004 Shepherd to Foreign Office, 7 December 1950, FO 371/82377 NA.
1005 Shepherd to Foreign Office, 31 December 1950, FO 371/91521 NA.
1006 Shepherd to Foreign Office, 10 January 1951, FO 371/91521 NA.
1007 Minute by Bevin, 19 January 1951, FO 371/91522 NA.
1008 Record of Interdepartmental Meeting Between the Treasury, Foreign Office and Ministry of Fuel and Power, 13 January 1951, FO 371/91522 NA.
1009 Heiss, *Empire and Nationhood*, 47.
1010 Ibid.
Even as British policymakers woke up to their predicament, conditions in Iran continued to deteriorate. Razmara, hoping to claw back some control in the Majlis, proposed that a commission be formed to draw up a new Supplemental Agreement that could then be put before the AIOC. Unsurprisingly, Mussadiq and his supporters shouted down this suggestion immediately, adding to the sense that Razmara was very much alone in his quest to continue negotiations with the British.\textsuperscript{1011} The original oil committee then met on 19 February, a meeting that Mussadiq used to call for the nationalisation of all AIOC assets in Iran.\textsuperscript{1012} Fearing that publicly opposing this measure would be political suicide, Razmara countered with a compromised formula that, while not ruling out nationalisation “as a long term solution”, requested that the committee enter into discussions on the basis of an equitable division of profits and warned that premature nationalisation could be economically ruinous.\textsuperscript{1013} This suggestion followed private discussions with AIOC representative Ernest Northcroft and the Shah in which the company not only agreed to a fifty-fifty division of profits, but also offered the Iranian government an immediate £5 million advance, followed by ten monthly payments of £2 million, to ease ongoing fiscal constraints.\textsuperscript{1014} Mussadiq, however, was unequivocal and coolly contended that “the moral aspect of oil nationalization [sic] is more important than its economic aspect.”\textsuperscript{1015} His message was incredibly simple, but entirely ignored by the British.

For a generation of civil servants raised on stories of imperial glory, the notion of British property in an underdeveloped nation likes Iran being nationalised seemed like the stuff of fantasy. Mostafa Elm uses a letter sent from Mostafa Fateh, AIOC’s assistant general manager and one of the highest ranking Iranians at the Abadan refinery, to director E. H. O. Elkington and the Foreign Office on January 27, 1951 as evidence of Britain’s inability to understand the situation they faced. In his letter, which ran to some twenty-three pages, Fateh urged the AIOC’s management to show a “breadth of vision, tolerance for other people’s views and clear thinking to avoid disaster.” He also called on the company to understand the “awakening nationalism and political consciousness of the people of Asia” and warned against pursuing a “Curzonian policy” that would allow “leech-like bureaucracies to rule.”\textsuperscript{1016} The themes discussed by Fateh bear clear resemblance to those analysed by Colonial Office officials during the 1947 Summer Conference on African Administration and Andrew Cohen’s suggestion that nationalism could be directed into “useful channels.”\textsuperscript{1017} However, perhaps unsurprisingly, the Foreign Office opted to dismiss the comments out of hand, noting only that “Fateh is not to be trusted.”\textsuperscript{1018} The AIOC’s response was similarly derisory, they chose to ignore the letter completely.

\begin{footnotes}
\footnotetext[1011]{Grady, \textit{The Memoirs of Ambassador Henry F. Grady}, 176.}
\footnotetext[1012]{Heiss, \textit{Empire and Nationhood}, 48-49.}
\footnotetext[1013]{Northcroft to Rice, 22 February 1951, FO 371/91522 NA.}
\footnotetext[1014]{Kristen Blake, \textit{The U.S. - Soviet Confrontation in Iran, 1945-1962: A Case in the Annals of the Cold War} (Lanham, Maryland, 2009), 65.}
\footnotetext[1015]{Katouzian, \textit{Mussadiq and the Struggle for Power In Iran}, 92.}
\footnotetext[1016]{Elm, \textit{Oil, Power and Principle}, 75.}
\footnotetext[1017]{Heinlein, \textit{British Government Policy and Decolonisation}, 24.}
\footnotetext[1018]{Elm, \textit{Oil, Power and Principle}, 76.}
\end{footnotes}
Publicly the British government remained steadfast in their commitment to negotiating a new Supplemental Agreement, a point made clear in the House of Commons by Parliamentary Under-Secretary at the Foreign Office, Ernest Davies on 21 February.\textsuperscript{1019} It seems that Britain’s leaders were simply unable to conceive of their power slipping away and of the system they grew up with and trusted crumbling to dust. In the words of British historian Corelli Barnett “political leaders and the governing Establishment, conditioned as they had been from the Edwardian childhoods to take it for granted that Britain stood in the first rank of nation states, simply could not accept that British power had vanished amidst the stupendous events of the Second World War, and that the era of imperial greatness...had now ineluctably closed...They were resolved to restore and perpetuate Britain’s traditional world role.”\textsuperscript{1020} Their unwillingness to accept the changing face of Iranian politics and determination to cling onto the attitudes of the past was undoubtedly their greatest failure.

This tendency to dwell on the past was not helped by the lack of leadership within the Foreign Office. Since falling ill in June 1950, Bevin had proven unable to dictate foreign policy in the manner with which he had previously accomplished. Having grown reliant on the Foreign Secretary and without an overarching vision, British policy in the Middle East and elsewhere became rudderless and lacking in any sense of direction. This wasn’t helped by Bevin’s poor health, which by February 1951 had deteriorated so much that Younger privately recorded: “he cannot possibly do a full day’s work...He looks and sounds weak...Whatever he may have been when he was a fit man, he is a pretty pathetic old wreck now.”\textsuperscript{1021} The leadership void was exacerbated when, despite protests from Grady, Sir William Fraser and Michael Wright of the Foreign Office, both elected to take one month vacations in January, decisions the Ambassador referred to as “typical of the manner in which this vital question has been handled by the Foreign Office and the top officials of the AIOC.”\textsuperscript{1022} Even as one of Britain’s most vital assets teetered on the edge of disaster neither the Foreign Office or the AIOC seemed willing or able to take control of the situation. To the United States this was simply remarkable and a further indication of the need for stronger action on their part. As James A. Bill notes, Mussadiq was a “magnificent negativist in that he had the courage to challenge, but lacked the capacity to construct.”\textsuperscript{1023} By aligning himself so closely with militant tendencies, Mussadiq had created a zero sum game in which compromise through drawn out negotiations would be difficult. Grady was well aware of this and, fearing that Iran could plunge into civil unrest, called on Acheson to force London towards a “parallel policy” with the United States.\textsuperscript{1024}

In Iran details of the secret discussions between Razmara, the Shah and the AIOC were released, sparking rumours that the Prime Minister was in thrall to the AIOC and acting under the influence of coercion and

\textsuperscript{1019} Ibid., 77.

\textsuperscript{1020} Corelli Barnett, The Pride and the Fall: The Dream and Illusion of Britain as a Great Power (New York, 1986), 304.

\textsuperscript{1021} Warner, In the Midst of Events, 67-68; Wm. Roger Louis suggests that the “one of the great speculative questions of the Labour era” is how Bevin would have responded to the threat of nationalisation had he been in better health. Louis, The British Empire in the Middle East, 647.

\textsuperscript{1022} Grady to the Secretary of State, 3 January 1951, RG 59/888.2553 NARA.

\textsuperscript{1023} James A. Bill, ‘America, Iran and the Politics of Intervention,’ 278.

bribery. On 3 March, in a meeting with the oil committee, he spoke at length about Iran’s inability to manage its own oil industry, drawing upon expert testimony from a range of domestic advisors. Subsequently, he told a press conference that those in favour of nationalisation were behaving irrationally and risked both the country’s financial future and general stability. Mussadiq’s retort came in the form of a manifesto personally attacking the Prime Minister as a British stooge and suggesting that the evidence had been doctored to discredit the case for nationalisation. Tensions reached a crescendo on March 7 when Razmara was shot three times while visiting a Tehran mosque. His assassin, Khalil Tahmassebi, was a member of Fida’iyan-i-Islam and had links, not only to Ayatollah Kashani, but allegedly to Mussadiq himself. Drawing from Iranian sources Christopher de Bellaigue suggests that there is “strong evidence that Mussadiq had prior knowledge” of the assassination and that the leader of Fida’iyan-i-Islam had discussed the matter not only with Kashani, but National Front leaders and allies of Mussadiq including Hossein Makki. Although Mussadiq never acknowledged his involved in the plot his reaction to it was certainly cool: upon being informed that the Prime Minister had been killed he responded “well, he shouldn’t have made that speech” before returning to his work. Kashani’s reaction was even less ambivalent and he referred to the assassination as a “brilliant stroke of great courage and virtue” before suggesting that “other traitors” should be “similarly struck down.”

Razmara’s assassination marked the end of one of the most tumultuous reigns of any Iranian Prime Minister. Blighted by international tension and local unrest his time in office had proven fruitless. Not only had the Supplemental Agreement collapsed, but nationalism had swelled. His death was also something of a watershed and demonstrated the end of Britain’s informal power in Iran. London had backed Razmara and saw him as the strongman needed to force the Supplemental Agreement through the Majlis. As the Prime Minister became isolated British prestige fell and by the time of his death was at a nadir. Not only did they lack any viable support in the Majlis, but they were roundly despised by the public. Little work had been done to engage with the Iranian people or to offer them a stake in deciding their country’s economic future. When coupled with the AIOC’s rapacious image, it is not difficult to see why the British were so hated. That the AIOC, a nominally private enterprise, bore such great responsibility for representing British interests in a nation with key strategic assets demonstrated a lack of forward planning or recognition the Iranian nationalism could become a destabilising force. The company was clearly unwilling to reach a compromised solution and Whitehall failed to push them to a more conciliatory position. Had a firmer hand been taken to reign in the AIOC’s work excesses, while also extending an olive branch of cooperation to the Iranian people at an early stage in the crisis, it is possible that the outcome may have been quite different.

1025 Heiss, Empire and Nationhood, 50-51.
1026 British Embassy, Tehran to Foreign Office, 4 March 1951, FO 371/91523 NA.
1028 De Bellaigue, Patriot of Persia, 151.
1029 Ibid.
1030 Heiss, Empire and Nationhood, 53.
Britain’s lowly position was compounded by Mohammed Mussadiq’s nationwide popularity and, having become a titan of Iranian nationalism, he seemed the most obvious candidate to become Prime Minister. After six years in office the Labour government looked tired and short of ideas. Previously reliant on their ally to provide security and stability in Iran, the United States now cast weary eyes towards London, raising questions as to whether Washington would begin to take a more active role. Indeed, following Razmara’s assassination Ambassador Grady warned that “the implications are too serious for us to remain aloof any longer” and requested formal intervention from the Secretary of State.\textsuperscript{1031} The next six weeks would underline the extent of Britain’s relative decline and illustrate that the old-order of informal control in Iran was truly at an end.

\textit{Nationalisation, March - April 1951}

The gap between the National Front and the British rested mainly on their disparate perceptions of what the Supplemental Agreement represented. To the British, it was purely a business transaction, a monetary exchange that would ensure that the Iranian government had a source of income and the AIOC a plentiful supply of oil. However, to Mussadiq, his cohorts and a large percentage of the Iranian people, control over oil went far beyond this with nationalisation serving as a means of securing “the rights of the Iranian people.”\textsuperscript{1032} In simple terms, the informal empire constructed through the 1901 D’Arcy Concession and maintained by the 1933 Concession was incompatible with the wave of nationalism sweeping through Iran. While American policymakers had long recognised the desire amongst the Iranian people to determine the destiny of their oil, the British had not and were now in a jeopardised position.

Razmara had no designated successor and, despite Mussadiq’s popularity, the Shah appointed Hossein Ala, a close ally of the Royal Court, as Prime Minister. Ala, like his predecessor, had little authority over the National Front in the Majlis and was unable to prevent them from legislating, even as he resisted the motions they submitted. On March 9, the oil committee, under pressure from National Front supporters unanimously agreed to a plan for the nationalisation of all AIOC assets held in Iran. The unanimous support for unilateral nationalisation greatly diminished the company’s bargaining position and destroyed the British strategy of drawing out negotiations until a favourable compromise could be reached.

Ambassador Grady referred to this nationalisation a “most serious” development, and blamed Britain’s failure to adopt a “statesmanlike approach” to the oil question for the unruly scenes in the Majlis.\textsuperscript{1033} His condemnation was reinforced by Acheson, who refused to castigate the Iranian government’s action, but instead underlined the United States’ recognition of the “rights of sovereign states to nationalise”, provided they offer “just compensation.”\textsuperscript{1034} The Secretary of State’s approach was clearly designed to achieve two

\textsuperscript{1031} Grady to Acheson, 8 March 1951, Dean Acheson Papers, Box 77, HSTL.

\textsuperscript{1032} Rouhollah K. Ramazani, \textit{Iran's Foreign Policy, 1941-1973} (Charlottesville, Virginia, 1975), 194.

\textsuperscript{1033} Grady to State Department, 16 March 1951, RG 59/888.2553 NARA.

goals. First, it would assuage Iranian fears that the United States planned to intervene on London’s behalf, action which would potentially force Mussadiq into alignment with Moscow. Second, it would make clear to Britain that they needed a complete rethink of their policy in Iran. The latter point was made clear by Acheson’s comments that the British needed a “skillful, fresh” approach to their relations with Iran.1035

However, although the Secretary of State was concerned about the geopolitical implications of nationalisation, he remained unwilling to usurp Britain’s position in Iran. He not only recognised the “great importance [of] Iran[ian] oil to [the] UK”, but also insisted that American oil companies would not be allowed to intervene there until the situation was resolved.1036 Historian John T. McNay is extremely critical of, what he considers to be, the Secretary of State’s lenient position towards Britain, suggesting that Acheson’s “Ulster heritage” and “nostalgic romance with empire” coloured his relations with London and made him over sympathetic to British interests.1037 He was, according to McNay, the “British accent in American foreign policy.”1038 In Iran, however, this was not the case. Rather, Acheson’s recognition of Iran’s importance to Britain and blanket refusal to consider American firms intervening there appears to be an extension of Washington’s policy of utilising British assets to achieve their own goals. The Secretary of State maintained hope that a new Anglo-Iranian settlement was possible, thereby rendering expensive and possible dangerous intervention from the United States unnecessary.

However, Acheson’s hopes were dashed by the British government’s failure to recognise their diminished position in Iran. On 9 March, Ernest Bevin succumbed to ill-health and stood down as Foreign Secretary. It might be expected that his successor would revitalise policy and inject new vigour into the department, however, his replacement Herbert Morrison immediately took up a belligerent position based on “barring [the] lion’s teeth” and exercising military strength to force a settlement.1039 According to Younger, he “hankered after strong-arm methods”, but failed to recognise that “they couldn’t be adopted” in a country where Britain’s influence had been imposed by informal actors.1040 Perhaps more damagingly, the Under-Secretary accused Morrison of being “probably more ignorant of foreign affairs than any other member of the cabinet….basically he is a little Englander who suspects everyone who is foreign.”1041 At a time when British foreign policy needed leadership, new ideas and an ability to engage with the Iranians, Morrison failed to deliver and appears, with the benefit of hindsight, to have been a poor replacement for Bevin.

In the United States’ strongest action to date, George McGhee was dispatched to Tehran on March 17, for talks with Ambassadors Shepherd and Grady, Prime Minister Ala, the Shah and the AIOC leadership. Upon

1035 Ibid., 26.
1036 Ibid., 25; Statement of the United States Position on Iranian Oil Situation, 18 March 1951, Dean Acheson Papers Box 77, HSTL.
1037 McNay, Acheson and Empire, 9.
1038 Ibid.
1039 Heiss, Empire and Nationhood, 56.
1040 Warner, Midst of Events, 75.
1041 Ibid., 69.
meeting with British Embassy staff, McGhee made the American position plain, the company had “been too rigid and too slow to recognise that a new situation had been created in Iran which required a new approach. Despite the fact that the British government owned a controlling interest in AIOC, it had allowed Fraser to dictate its policy about oil in Iran. We provided more guidance to our companies even though they were privately owned.”

The negotiations came to little, and McGhee suggested that “the specter of death and impending chaos” hung over Tehran “like a dark cloud”, rendering fresh action impossible.

Despite McGhee’s claims to the contrary, the Foreign Office was adamant that the National Front had “no solid grievances to feed on” and rejected American efforts to mediate a constructive settlement with Iran to provide “some flavour or facade of nationalisation.” On his return to Washington from Tehran, McGhee stopped in London for emergency talks with Morrison, during which he made clear that as long as the crisis in Iran remained unresolved, the security of the Middle East was at risk.

The Foreign Secretary bullishly shook off McGhee’s attempts to lean on him and condescendingly referred to Britain’s “long experience of the Middle East” before stating that London’s sole focus was to “take care to protect their essential oil supply.”

A similar stance was taken by Sir William Fraser who refused all American advice because it had been determined “on the basis of wrong information” and failed to recognise the “dubious practicality” of cooperation with the Iranians.

To officials in the State Department, Britain’s unshakeable attitude was baffling. McGhee noted that the Foreign Office continued to take “too optimistic [a] view of the situation” and failed to understand that any proposals derived from the abortive Supplemental Agreement “would have no chance of success.”

In late April, during talks with British Ambassador to Washington, Sir Oliver Franks, the Under-Secretary of State made his frustrations clear, stating that the British government was letting the AIOC’s economic position “take precedence over the more important question of keeping Iran free and independent.” While he insisted that the State Department was “anxious to help”, he warned that Britain’s continued insistence on using “financial or other pressures” to force the Iranians into an agreement made it difficult to do so.

An alternative policy to that being pursued by the Foreign Office was offered by Franks himself. In discussions with Paul Nitze and Acheson on 27 April, the Ambassador raised the question of working to

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1042 McGhee, Envoy to the Middle World, 325-326.
1043 Ibid., 327.
1044 Franks to Foreign Office, 18 April 1951, FO 371/91471 NA.
1045 Foreign Office to Franks, ‘A Conversation Between the Secretary of State and Mr. George McGhee,’ 3 April 1951, FO 371/91184 NA.
1046 Ibid.
1047 McGhee, Envoy to the Middle World, 333.
1048 American Embassy London to Acheson, 13 April 1950, Dean Acheson Papers Box 77, HSTL.
1049 Ibid; George McGhee Memorandum, ‘Discussion of the Iranian Situation with the British Ambassador,’ 27 April 1951, RG 59/788.00 NARA.
1050 Ibid; Heiss, Empire and Nationhood, 57.
separate the “various elements which appeared to comprise the nationalist movement” by engaging in discussions with the individual groups which made up the National Front.\textsuperscript{1051} Franks believed that Mussadiq was at heart a pragmatist who could be made to recognise the danger of alignment with religious zealots and work towards a constructive settlement. He also hoped that these discussions could help to provoke splits within the Front, weakening their resolve and making a negotiated settlement more likely.

Franks’ suggestion was something of a departure from Britain’s usual policy towards Iran and would encourage much needed engagement and mediation. However, it was rejected offhand by Acheson as a risk to Iran’s internal stability. He felt that the “Persians might be crazy enough” to risk their long-term economic security to guarantee the removal of all foreign influences and that a divisive policy could exacerbate this process.\textsuperscript{1052} Nitze concurred, suggesting that there was “a real psychological force behind the mutually supporting nationalist drives in the religious movement, the university movement and the straight nationalist movement.”\textsuperscript{1053} Forcing a wedge between these disparate groups was likely to lead to an unravelling in Iranian society, providing conditions which would allow communism to fester. The residual fear of communism making inroads in Iran was persistent. In February, a hastily compiled telegram from Tehran warned of the “real danger of communism”, stressing that the government’s “weakening authority” and “POLIT[ical] confusion” was creating conditions favourable to “establishment [of] COMMIE or COMMIE-dominated regime.”\textsuperscript{1054} This message illustrates of the underlying impulses that drove American policy in Iran. Although Britain faced losing a vital economic asset in the AIOC, this was seen as secondary to protecting the nation from communism and maintaining stability. Franks’ suggestion, a last roll of the dice to claw back some of Britain’s waning power, was seen as threatening this delicate balance and could thus not be taken forward.

**Conclusion**

On 27 April, as Franks met with Nitze and Acheson, the Majlis oil committee submitted a nine-point resolution to the Majlis that would arrange for the nationalisation of the AIOC. Prime Minister Ala was constitutionally powerless to block its ratification and Ambassador Grady conceded that it would “probably become [the] law of Iran within a few days.”\textsuperscript{1055} Recognising that he had no authority to continue negotiations with the AIOC, Ala resigned as Prime Minister. Despite Shepherd’s protests that London would have “no confidence” in his appointment, the Majlis selected Mussadiq as Ala’s successor by seventy-nine to twenty-one votes.\textsuperscript{1056} As a precondition of his acceptance, Mussadiq demanded that the Majlis ratify the nine-point resolution for nationalisation immediately. Although Morrison fired a bellicose warning against

\textsuperscript{1051} Memorandum of Conversation between Dean Acheson, Paul Nitze, and Oliver Franks, 27 April 1951, Dean Acheson Papers, Box 68 HSTL.
\textsuperscript{1052} Ibid.
\textsuperscript{1053} Ibid.
\textsuperscript{1054} Embassy in Tehran to Embassy in London, 7 February 1951, RG 59/641.888 NARA.
\textsuperscript{1055} Grady to State Department, 27 April 1951, RG 59/888.2553 NARA.
\textsuperscript{1056} Cabinet Conclusions, 30 April 1951, CAB 128/19 NA.
“unilateral or precipitate action” his threats appeared impotent and, on 1 May, 1951, the Shah signed the new law ratifying the nationalisation of the Anglo-Iranian Oil Company.1057

Dean Acheson would later record that “never had so few lost so much so stupidly and so fast”, a clear indictment of a policy the United States saw as hardheaded to the point of being dangerous.1058 In under eighteen months Britain had spurned successive opportunities to “graciously” find a new agreement with the Iranian government and now found itself in a previously unthinkable position.1059 Virulent nationalism had been a force in Iran since the Tudeh inspired riots of 1946 and its specter had loomed large since the National Front’s formation in October 1949. However, it was largely ignored by the Attlee government, which maintained the illusion that British power in Iran was guaranteed, if only because the Iranians were incapable of managing the extraction and refinement of their assets. Throughout 1950 the United States, seeking to preserve stability and limit Soviet intrigue in an area of strategic vulnerability, had encouraged the British government and the AIOC to adopt a more malleable attitude, an approach that had failed repeatedly.

While active cooperation was a hallmark of Anglo-American relations in Europe, in the Middle East their partnership was less harmonious, indicating that the ‘special relationship’ was one of limitations. Events in Iran also demonstrate the restrictions of informal empire. Discord between the AIOC and the British government allowed conditions in Iran to deteriorate and made it difficult to establish a clear response to emerging nationalism. Adding to this problem was the failure of British officials, both in London and Iran itself. Ambassador Shepherd repeatedly failed to recognise the emerging threat to stability there and routinely portrayed Iranian nationalism in unduly negative terms. Meanwhile, Foreign Secretary Ernest Bevin, consumed with events in Europe and in an increasingly poor state of health, failed to adequately direct British policy or provide avenues for others to do so. It is telling that even after the collapse of the Supplemental Agreement, the most creative solution for how to approach the crisis in Iran came from the Sir Oliver Franks, Britain’s Ambassador in Washington, rather than from Whitehall.

With nationalisation now enshrined in Iranian law two key questions remained to be answered: would the United States now usurp Britain’s position and become the dominant foreign power in Iran, and would Britain be able to salvage any stake in those assets formerly held by the AIOC?

1057 ‘Extract from Statement to the House of Commons by the Secretary of State for Foreign Affairs, Mr. Herbert Morrison, on the United Kingdom’s Attitude Towards the Negotiations with the Persian Government,’ 1 May 1951, in Denise Folliot eds. Documents on International Affairs 1951 (Oxford, 1954), 480-481.

1058 Beisner, Acheson, 544.

1059 Ibid.
Chapter V: Conclusion

The Aftermath of Nationalisation, 1951-1953

Even after the AIOC’s nationalisation the misplaced orientalism that had coloured British policy in Iran remained entrenched. In a report commenting on Britain’s position, head of the Eastern Department Geoffrey Furlonge suggested that Mussadiq’s success, far from being an indication of popular unrest, was the result of the efforts of “a small band of extremists” who were culpable for “silencing the voices of reason.”

Convinced that Mussadiq represented a self-interested and opportunistic cabal, the Foreign Office looked to convince what it perceived as the minority of “intelligent Persians” that nationalisation was the first stop on a road to ruin: an absurdist adventure that would have no positive outcome. In legalistic tones they warned that canceling the AIOC’s concession was an impossibility and that its status in any future agreement must be guaranteed. In response, Mussadiq, directing his message to Prime Minister Clement Attlee personally, argued that nationalisation would enable Iran to end “general poverty and dissatisfaction” and undertake the necessary “social reforms” previously refused by the British. It is telling that Mussadiq pointed to the issues of social and economic development as examples of London’s shortcomings. The Foreign Office had initially hoped that raising living standards in Iran would improve relations between the two nations and bring them together in a closer bond. Clearly this policy had failed.

Mussadiq’s cool exchange speaks volumes about the differences between British and Iranian perspectives in 1951. The former saw control of oil as an economic necessity and a right enshrined in legislation. In simple terms, Iranian oil was a British asset that had to be defended. In contrast, the latter identified the AIOC as the greatest hinderance to national emancipation, a colonial yoke that permeated all aspects of society and needed to be removed at all costs. Mussadiq vocally denounced the validity of the 1933 concession itself, arguing that it was an agreement made by an autocratic dictator and lacked the legitimacy of a popular mandate. The fundamental disparity between Britain and Iran’s respective outlooks is central to the events that preceded and followed nationalisation.

In a bid to reject nationalisation, the AIOC began formal arbitration before the International Court of Justice (ICJ) on 8 May 1951. Again the United States looked primarily to preserve stability and act as a mediator between the two countries. Rejecting Britain’s central argument that monopolistic control was enshrined in law, Ambassador Grady referred to nationalisation as Iran’s “indisputable right” and called for British collaboration and malleability in agreeing a fair compensation scheme.

The United States had previously tried to coerce London towards a more equitable agreement with Iran, but they were now able to employ blunter methods. With Britain’s strength in Iran depleted to the point of nonexistence, the USA took control

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1060 Furlonge Notes, 29 April 1951, FO 371/91529 NA.
1061 Heiss, Empire and Nationhood, 64.
1062 Shepherd to Foreign Office, 2 May 1951, FO 371/91529 NA.
1063 Grady to State Department, 13 May 1951, RG 59/888 NARA.
of the situation and the Foreign Office, still lacking clear leadership, was left to bemoan the American “practice of twisting the lion’s tail.”

In early July, the ICJ issued a temporary injunction freezing all AIOC assets and demanded a halt in oil production. However, the Iranians refused to comply and the Majlis passed a law that anybody found guilty of “sabotage or inattention” would be executed. As the oil pumps continued to run, the company’s headquarters were ransacked as part of a wider effort to remove all trace of British influence from Iran. Abadan was occupied and Mehdi Bazargan, Dean of Engineering at Tehran University, appointed director of the state-run Iranian National Oil Company. Scrambling to preserve its position, the British government considered Plan Y, armed intervention to seize AIOC assets in Iran. Defence Minister Emmanuel Shinwell made an impassioned plea for action and argued that if Mussadiq was allowed to proceed “the next thing might be an attempt to nationalise the Suez Canal.” To Shinwell, Iran was a domino, which if allowed to fall would see the collapse of British power across the Middle East.

The United States’ response to the discussion of armed intervention was swift with Dean Acheson dispatching Averell Harriman to Iran to mediate a peaceful settlement. On 4 October the few remaining AIOC employees abandoned Abadan, a humiliating climax to six years of turmoil and one that underlined Britain’s loss of power in Iran. Just three weeks later, on 25 October, 1951, Winston Churchill returned to 10 Downing Street as Prime Minister of the new Conservative government. In talks with President Truman, the aging Churchill railed against his predecessor’s weakness in Iran, bemoaning that had he been in command Mussadiq would have faced a “splutter of musketry” and the AIOC’s interests defended with all Britain’s might. Like Bullard, Shepherd and a host of others, he saw the situation through an orientalist lens, identifying the Iranians as a weak adversary whose natural cowardice and need for British leadership would see them cowed by the mere hint of gunfire. This outlook was, in the words of Dean Acheson, “depressingly out of touch with the world of 1951” and yet it persisted, even amongst the last AIOC employees to leave Iran. They bemoaned the “indignity of having Iranians ‘push them around’” and suggested that the British government was a culpable accessory to their plight.

Despite its antipathy towards Britain’s policy, the American government was guarded against the Iranian’s taking sole control of their oil supplies. Instead, following the advice of American oil companies including Texas Company and Standard Oil of New Jersey, they looked to broker a settlement that would, according to

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1064 American Ambassador to Britain, Walter S. Gifford is recorded as using this term in Mary Ann Heiss, ‘Real Men Don’t Wear Pajamas: Anglo-American Cultural Perceptions of Mohammad Mossadeq and the Iranian Oil Nationalization Dispute,’ Peter L. Hahn and Mary Ann Heiss eds., Empire and Revolution: The United States and the Third World Since 1945 (Colombia, Ohio, 2001), 179.

1065 Yergin, The Prize, 444; Louis, The British Empire in the Middle East, 667-674.

1066 de Bellaigue, Patriot of Persia, 162.

1067 Confidential Annex to the Chiefs of Staff, 23 May 1951, DEFE 4/43 NA.


1069 The Secretary of State to the Department of State, 10 November 1951, RG 59/888 NARA.

1070 Heiss, Empire and Nationhood, 79.
David Painter, “keep in mind the strategic and political consequences of the loss of Iran to the West” while guaranteeing a more equitable division of profits.\textsuperscript{1071} It was hoped that this policy would reduce the risk of Tehran aligning itself with Moscow and ensure that the Iranian oil industry continued to operate to a high standard.\textsuperscript{1072} Although the British government was publicly adamant that it would not comprise with Mussadiq, it was faced with little other choice given it now lacked any significant presence in Iran. Under pressure from Washington, Churchill opened discussions with his Iranian counterpart in the summer of 1952, again mediated by the State Department. However, these talks were unsuccessful with the British still adamant that Mussadiq’s proposals were “unreasonable and unacceptable.”\textsuperscript{1073}

With no agreement forthcoming and an embargo preventing the export of oil still in effect, domestic economic conditions deteriorated rapidly. By 1953, growing social unrest had prompted new fears of communist subversion, leading the newly elected President Dwight D. Eisenhower to offer his support for Operation Ajax: the forcible removal of Mussadiq from power and establishment of the Shah as a dictator.\textsuperscript{1074} Recognising that it would be impossible to return to the pre-1951 status quo, a new consortium agreement was brokered in Washington and the Iranian Oil Participants Ltd. (IOP) was founded. The AIOC received a forty percent stake in this enterprise with an equal share split between five American firms. Meanwhile, Royal Dutch Shell took fourteen percent and the French firm Compagnie Francais de Petroles the remaining six percent.\textsuperscript{1075} Although ownership of Iranian oil remained in the hands of the state-owned National Iranian Oil Company, industrial operations were carried out by the foreign firms listed above, which then paid royalties to Tehran. These terms were strikingly similar to those made between Aramco and the Saudi Arabian government in 1950.

The toppling of Mussadiq was an unsatisfactory conclusion to a tumultuous period in Iranian modern history. Although the hated British no longer dominated the country, national control of oil was again out of reach. Worse still, one of the few genuinely popular, successful leaders in Iran’s recent past had been replaced by a dictator who, though widely respected by the Iranian people, had little mandate to govern. The political turmoil that had developed after the Second World War, from the rise of the Tudeh to the fledgling trade union and nascent national movement, had at its core a desire for self-determination. Even if it is not the role of the historian to pass judgement on the past, it is difficult to ignore the ramifications of ill-conceived British policy towards Iran between 1945 and 1951. While Ernest Bevin had hoped to raise living standards and forge a European-style civil society, his approach stymied domestic efforts to create a new political settlement. Similarly, the British government’s unwillingness to take on and curb the AIOC’s worst excesses

\textsuperscript{1071} Painter, \textit{Oil and the American Century}, 181.

\textsuperscript{1072} Ibid., 180-182.

\textsuperscript{1073} Heiss, \textit{Empire and Nationhood}, 139-148.


\textsuperscript{1075} Note: The Iricon Agency was a group of nine independent American oil companies. \textit{Ibid}, 195-197.
was born out of fiscal necessity and yet, somewhat ironically, saw their control over Iranian oil unravel and collapse.

**Reflecting on the Collapse of British Power in Iran**

In the six years that followed the Second World War, Britain’s position in Iran was reduced to a shadow of its former self. In 1945 the Anglo-Iranian Oil Company possessed a monopoly over the extraction, refinement and distribution of Iran’s vast oil supplies and yet the British government proved unable to safeguard the venerable, though informal, influence this offered. Instead, Iranian nationalism had been allowed to develop a strength and popular resonance that London had previously deemed impossible. The Foreign Office and the British Embassy in Tehran repeatedly failed to recognise this phenomenon and struggled to develop an appropriate policy to oppose it.

The first stirrings of nationalist unrest can be seen in the emergence of the Tudeh and the associated trade union movement in 1945 and 1946. Both served as vehicles through which the Iranian people could proclaim their sense of nationhood. These sentiments were far removed from the insular, traditional forums of power, like the Majlis and Royal Court, and manifested themselves most forcefully on the streets and in the bazaars. Britain’s reaction to the threat posed by the Tudeh and trade unionism was twofold. First, Foreign Secretary Ernest Bevin, a passionate believer in the necessity of organised labour, looked to develop a new, national trade union movement that would allow for more formal interchange between employees, employers and the state. Second, the British government, in tandem with the Anglo-Iranian Oil Company, attempted to improve the working and living conditions of the Iranians who worked in the oil industry. These policies were designed to strengthen Britain’s links with an otherwise peripheral state and increase goodwill towards London.

However well-intentioned these endeavours, they fundamentally misunderstood the nature of Iranian politics and society. The British government struggled to recognise that nationalism was central to the Tudeh’s support and had deep roots across Iranian society. Meanwhile, orientalism coloured its views of the Iranian people and their capabilities. Too often they were characterised as naive and in need of guidance from abroad. In turn, the opinions and grievances of the Iranians, no matter how legitimate, were relegated to a status of minor importance. As a result, plans for development and reform in Iran were conceived without consulting the Iranian people themselves. Meanwhile, the Seven Year Plan devised by the Iranian government, in conjunction with the Overseas Consultants Inc., was dismissed out of hand. This markedly topdown approach was heavy handed and lacked legitimacy due to limited local support. As Britain’s economic position deteriorated, overseas development was sidelined with Chancellor Sir Stafford Cripps placing an ever greater emphasis on increasing the immediate returns of Britain’s overseas assets.

Development in Iran was also hamstrung by a general lack of creativity. In Africa, Secretary of State for the Colonies, Arthur Creech Jones was a dynamic force who helped to implement a radical series of projects designed to improve conditions locally while also raising capital for the Exchequer. Creech Jones had
dedicated much of his life to understanding and theorising colonial development, but in Iran, and the Middle East more generally, no similar figure existed. By 1948, Britain’s policy there appeared rudderless. Colonial Office policy was supported by a wide cast of experts, many of whom had dedicated their lives to understanding the issues faced by the colonies. Again, such a pool of talent was not present in Iran.

While Ambassador John Le Rougetel was an able servant of the crown and an adept link between London and Tehran, he showed no desire to formulate development policy in Iran, but rather became a lone voice of concern regarding alienating the Iranians themselves. Bevin, a keen advocate of raising living standards at the fringes of empire, also failed to accept this mantle. It is notable that although the Foreign Secretary was the driving force behind early reforms in Iran, he quickly became sidelined by events elsewhere and by his own failing health. The Foreign Office under his stewardship was overly centralised and the overarching problems facing Iran were seldom discussed.

The weaknesses of British policy and leadership in Iran were exposed following the rejection of the Qavam-Sadetchikov Agreement and the subsequent negotiations as to the terms of the new Supplemental Agreement. Throughout the negotiations, the Anglo-Iranian Oil Company - tacitly supported by the Treasury - displayed levels of obstinacy that belied its status as a nationally owned enterprise. Negotiations between the British and Iranian camps were stymied by the condescending attitudes of company officials and the Foreign Office’s inability to influence AIOC leaders. Sensing that Britain sought to bully Iran into a settlement and concerned that the domestic economic situation was deteriorating, nationalist factions grew in number and volatility. The strongest amongst these was Mohammed Mussadiq’s National Front. However, even as unrest bubbled beneath the surface, the AIOC and the Treasury refused to offer conciliatory measures. The Foreign Office hoped that General Ali Razmara could tame the nationalists, but, faced with ferocious opposition, was unable to achieve this. As deadlock set in, a cycle of mistrust and discord was created, one that the British seemed unable to fully comprehend.

As British power in Iran waned, the United States began to take a more active role there. It would be a mistake to see this as a piratical move on Washington’s part, rather it fell into a wider pattern of Cold War defence. The United States attempted to utilise the British Empire and, where possible, to shape British policy to suit its own interests. Within the State Department it was widely believed that communism would prosper not through open warfare, but through disorder and dislocation. As such, preserving stability became their most important goal. In Iran, British heavy-handedness was seen as a direct threat to this, necessitating intervention from the United States.

The Attlee government hoped to resist losing its foothold in Iran, but British action was ponderous, even as Iranian nationalism reached fever pitch. It is notable that even as the National Front gained support in the Majlis and on the streets, Ambassador Shepherd chose to view it as a political inconvenience, led by “an extreme nuisance” in Mussadiq.1076 By the end of 1950, Britain’s position was becoming untenable and within four months the AIOC had been nationalised and Mussadiq extolled as a national hero. There is little

1076 Shepherd to Bevin, 24 November 1950, FO 371/82343 NA.
evidence to suggest that the British government or the AIOC recognised that this event loomed on the horizon. Rather, British policy makers appear to have been blinded by complacency and the misjudged notion that the Iranians would be unable to survive and prosper without their guiding hand.

The Limits of Informal Empire and Dangers of Mismanagement

In his 2001 study *The United States and Imperialism*, Frank Ninkovich argues that empires are built by the “effective control of an outside power”, including “the workings of private social forces without overt political control.”¹⁰⁷⁷ British power in Iran, largely orchestrated and maintained through the Anglo Iranian Oil Company, provides a shining example of this phenomenon of ‘informal empire’. Reflecting on imperialism in Africa during the 19th century, John Mackenzie suggests that expansion took place through “subimperial” agents, “peripheral Europeans, settlers and ‘men on the spot’ [who] cajoled and eventually convinced their mother governments to extend its imperial rule.”¹⁰⁷⁸ However, there is no evidence to suggest that the AIOC acted in a similar manner. Rather, the company established itself as an independent power, detached and free from Whitehall’s guiding hand. Although the economic might carried by the company created an informal empire in Iran, its leaders felt little by way of responsibility for managing and maintaining it. Instead, their motivations were fixed firmly on maximising profitability.

Successive British governments had been deferential to the company, allowing it to operate freely and to dictate its policy towards successive Iranian administrations. In times of stability this arrangement was favourable to all parties. When the AIOC was able to freely extract, refine and export Iranian oil the Exchequer enjoyed a steady flow of taxes, the Royal Navy received a consistent source of oil and the Foreign Office benefitted from a support network in a distant, easy-to-overlook corner of the world.

However, the challenges posed in the postwar era demonstrated the limitations of managing an empire through informal means. Private enterprise may have been useful in the process empire building, but it proved a hindrance when managing its decline. The Labour government believed that the AIOC needed not only to improve conditions in Iran, but to agree to a more equitable concession with Tehran. In doing so, it was hoped that the Anglo-Iranian relationship could be strengthened. Unsurprisingly, the company, focused as it was on profitability rather than diplomacy, was obstinate in its refusal. As the pressure of domestic nationalism increased the differences between the respective goals and ideals of the AIOC and the British government not only grew wider, but increasingly conflicted with one another.

Throughout the postwar period the Labour government found that its goals were aligned with the company’s position. In July 1946, Ambassador John Le Rougetel stated that “every effort should be made to improve living standards for all categories of workers [in Iran].”¹⁰⁷⁹ The Ambassador’s message mirrored a wider impulse within the British government and a desire to improve conditions across the informal and formal

¹⁰⁷⁷ Ninkovich, *The United States and Imperialism*, 5.


¹⁰⁷⁹ Le Rougetel to Foreign Office, ‘General Appreciation/Recommendations,’ 1 July 1946, T 236/220 NA.
It was hoped that these efforts would strengthen ties between Britain and its foreign interests and improve output, the rationale being, in the words of J. P. Bancroft, that “a worker’s productive power is enhanced in direct ratio to an improvement in his social conditions.” Particularly strident in his calls for Iranian development was Foreign Secretary Bevin who called on the AIOC to approve the “vigorous application” of a “social programme” to include reformed trade unions and improved living conditions.

Bevin, a self-styled titan of the working class and a fervent believer that “if you get men talking together...nationalism decreases and occupation and life interest takes its place” failed to recognise the difficulties he would have in persuading the AIOC to work to achieve these goals, or how they may conflict with an organisation driven by profit, rather than wider strategic imperatives. Blinded by an inability to look beyond his own experience, little thought was given over to engaging with the AIOC or devising a strategy to which the company would agree. A similar pattern emerged in disagreements over the terms of the Supplemental Agreement. While Bevin was ill at ease with the AIOC autonomously undertaking negotiations with the Iranian government, Le Rougetel was exacerbated by the AIOC’s bullish approach, one that could “only work against us.”

The British government and the company were repeatedly divided on their preferred tactics in engaging with Iran, but even under pressure from the United States, their most important ally and a key financial benefactor, the former still struggled to influence the latter’s approach. The AIOC’s lack of malleability was a salient feature of this period. Iran’s perilous economic circumstances, which helped to drive nationalism, were well known, yet the company’s leadership resisted efforts to alleviate them. In negotiations with both the British and Iranian governments they were hardheaded and acted in their own interests, rather than in the spirit of transnational cooperation. The discovery that the company was “hawking” itself to investors on Wall Street lends weight to the suggestion that its leadership was determined to follow an independent path, despite Whitehall’s fears that “selling out to the Americans” could be “interpreted as a sign of British decline” and the Foreign Office’s determined belief that they should change course.

Underlining their fundamentally divergent positions was the AIOC leadership’s profit-focused orientation and refusal to view themselves as a cog within Britain’s diplomatic framework. This situation supports Nicholas J. White’s assertion that “the thinking of imperial business was generally at odds with many of the tenets of postwar imperial policy”, but also that “many business leaders were contemptuous of public servants and politicians.” It also helps to illustrate an inherent limitation of informal empire and provide evidence to bolster John Darwin’s suggestion that “status, merit honour and success were judged very differently” in the diplomatic and commercial spheres.

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1080 J. P. Bancroft to Colonel Russel Edmonds, 21 June 1947, T220/200 NA.
1081 Bevin Minute, Paris, 23 June 1945, FO 371/52715 NA.
1082 Hansard, House of Commons, 23 August 1945, v. 413 c. 949.
1083 Le Rougetel, AIOC Minute, 7 January 1949, FO 248/1489.
1084 Eady to Munro, 17 October 1947, FO 371/62059; C. T. Gandy to Sir Orme Sargent, 8 October 1947, FO 371/62059 NA.
1086 Darwin, The Empire Project, 189.
However, differing goals alone do not fully explain the dysfunctional relationship between the AIOC and the Attlee government. Even as the crisis in Iran intensified, no formal mechanisms for communication were established between them and no mutual contingency planning was undertaken. Indeed, while Ernest Bevin publicly suggested as early as 1947 that the company had “room for improvement” no substantive action was taken to correct this. Ronald Hyam traces the division between government and the AIOC to the latter’s chairman, Sir William Fraser, whose “dour [and] ungentlemanly” attitude hindered closer cooperation and exposed a sharp rift in what he calls “the myth of gentlemanly capitalism.” Given the company’s importance to Whitehall, as both a source of income and representation of power, more should have been done to improve communication and, where possible, to mitigate their respective differences.

In the United States the dispute between the AIOC and the British government was viewed not only as petty, but also as potentially dangerous. Within the State Department it was believed that a “favourable AIOC settlement” was an “important Cold War measure” and one that the Labour government could do more to achieve. In the words of President Truman, the AIOC behaved like a “typical nineteenth century colonial exploiter” and required more robust instruction from Whitehall. Given this perspective, it is little surprise that in the wake of the company’s nationalisation Dean Acheson recorded that “never had so few lost so much so stupidly and so fast.” This was a damning charge against the British government and AIOC alike and an indication of the frustration the Americans felt towards their ally.

The fundamental disunity between the AIOC and the British government was undoubtedly a key ingredient in undermining British power in Iran. However, Britain’s position there was also undone by the more general issue of mismanagement, particularly on the part of the Foreign Office and Foreign Secretary Ernest Bevin. Although popularly remembered as a leading architect in Europe’s postwar recovery, Bevin’s tenure had a number of weaknesses, not least his Iranian policy: a blend of social and economic reforms, which were designed to strengthen ties between London and Tehran, but hinged on maintaining the AIOC’s cooperation.

As William Roger Louis makes clear, Bevin’s strategy was part of a wider effort to preserve Britain’s “paramount position” in the Middle East, but, given the disunity between government and company outlined above and Bevin’s own personal limitations, questions must be asked as to its appropriateness. According to British diplomat Sir Ivone Kirkpatrick, Bevin “could only look at events through the spectacles of his own experience” and as a result failed to recognise the likelihood of resistance to his programme of trade union reform and other measures that could be perceived as paternalistic.

1088 Hyam, Understanding the British Empire, 136.
1089 Summary of Conclusions, ‘UK-UK Politico-Military Conversations,’ 26 October 1950, RG59/611.41 NARA.
1090 Painter, Oil and the American Century, 173.
1091 Beisner, Acheson, 544.
1092 Louis, The British Empire in the Middle East, 737.
1093 Bullock, Foreign Secretary, 216.
has won praise from Kenneth O. Morgan, for whom it was “a calculated, long-term policy based on more equal partnership” others are less charitable.\footnote{Morgan, Labour in Power, 193.} Pete Weiler, for example, notes that Bevin “wrongly assumed that the countries of the Middle East would understand that they needed British guidance”, creating a schism between British administrators and local populations.\footnote{Weiler, Ernest Bevin, 16.} Relations were not helped by popular perceptions of British mismanagement. Iran’s perilous economic position, for example, was widely blamed on the British and, whether achieved through incompetence or malice, helps to bolster Fieldhouse’s suggestion that “economic mismanagement...was so continuously bad as to strain belief.”\footnote{Ibid.}

Bevin also suffered from a tendency to involve himself in every aspect of his department’s life and micromanage those who worked under him, rather than establishing a vision or framework within which they could operate. This was clear not only when devising trade union policy, but also in more general development efforts and during the Azerbaijan Crisis. While this is not negative in and of itself, the Foreign Office became excessively centralised and too dependent on his instruction. As Morgan notes, “Bevin was a dominant, transcendent, creative force...he was the personal originator of foreign policy in the style of Canning, Palmerston and Salisbury....Bevin’s policy was not invented by a phantom army of Sargents, Warners, Furlonges and Troutbecks...Bevin’s foreign policy was vividly his own.”\footnote{Morgan, Labour in Power, 235-236.}

From 1947 onwards, however, the Foreign Secretary became increasingly focused on issues in Europe and, coupled with his deteriorating health, struggled to direct policy in Iran. Contemporaries reported that as the crisis in Iran reached its nadir Bevin was “only half-alive” and “a shadow of his former self” as ill health rendered him bed bound. However, thanks to “his stupendous egotism” Bevin refused to leave his post.\footnote{Warner, In the Midst of Events, 13-14 & 31.} Debilitated, he was no longer able to craft overseas strategy and with no alternative figurehead available to take the reins, British policy in Iran stuttered ignominiously.

According to Anthony Adamthwaite the department was undone, in part, by “close knit” insularity and a tendency of the Foreign Secretary to surround himself with advisors who, while often immensely talented, were only listened to when their ideas matched his own train of thought.\footnote{Adamthwaite, ‘Britain and the World’, 224.} It is notable that Britain’s development plans in Iran failed to move beyond trade union reform and even this project, one in which Bevin had initially taken a personal interest, was marred by difficulties from the outset. It seems that while development was a desired goal in the most abstract terms, there was little by way of substantive planning as to how it would be achieved.

A further example of Britain’s inability to establish a clear strategy towards Iran can also be seen in the wake of General Ali Razmara’s ascent to Iran’s premiership. Although Foreign Office officials noted, in a cable to

\footnote{Morgan, Labour in Power, 235-236.}
British Ambassador in Washington Sir Oliver Franks, that Razmara’s appointment was “likely to result in a postponement....of the ratification of the Supplementary Oil Agreement” no analysis was undertaken as to the impact this would have on Iranian nationalism, a phenomenon previously deemed by Le Rougetel to be directly related to delays in the Supplemental Agreement.\(^\text{1100}\) It is notable that while Razmara was held up as “the best chance of securing the measure of resolution and efficiency required” to govern Iran successfully, little analysis of his character, or that of other leading figures in Iranian politics took place.

Inconsistent with his sharp analysis of the critical situation in Europe, Bevin failed to recognise the threat to British power in Iran. He keenly understood that Iran was “one of our most important strategic interests”, listing it alongside Germany, Palestine and Australasia in terms of importance, and yet he failed to enshrine this outlook in policy, negating even to establish a Cabinet committee on foreign affairs.\(^\text{1101}\) British paramountcy in Iran was assumed to be a permanent state, impervious to opposition. In part this complacency was driven by what P. S. Gupta terms the Foreign Office’s “Victorian racial-cultural typology.”\(^\text{1102}\) Corelli Barnett’s suggestion that the Foreign Secretary and his department were in thrall to the “imperial myth” of indefatigable British power overseas is particularly pertinent when explaining the course of events in Iran and Britain’s inability to recognise the limitations of their power.\(^\text{1103}\)

**Orientalism and the Collapse of British Power**

Orientalism was deeply pervasive. Commenting on Soviet advances in Azerbaijan, the British Military Attache’s December 1945 report plainly stated: “Persia...is not renowned for that dogged brand of courage which sustains prolonged resistance in adverse circumstances” and stressed that London’s intervention was therefore required.\(^\text{1104}\) These views were reinforced by Ambassador Reader Bullard, who argued that the Iranians were inherently “selfish and slothful” and “undisciplined, incapable of unity, and without a plan.”\(^\text{1105}\)

Similar views were shared by the AIOC’s leadership, colouring their interactions with the Iranian government. Neville Gass’ suggestion that official Iranian delegates lacked “properly organised procedure” and therefore could not enter into discussions as to the terms of the Supplemental Agreement is one example of this.\(^\text{1106}\) Gass’ comments were unfounded, but indicate an overarching belief that representatives of the Iranian government lacked legitimacy and were incapable of meeting arbitrary, though undefined, standards set out by the British. Even as Ambassador John Le Rougetel attempted to offer a more thoughtful analysis...

\(^{1100}\) Foreign Office to Washington, 27 June 1950, FO 371/82313 NA.

\(^{1101}\) Ibid., 63; Morgan, *Labour in Power*, 236.


\(^{1104}\) British Military Attache to Foreign Office, 21 December 1945, FO 371/45458 NA.

\(^{1105}\) Ibid.

\(^{1106}\) AIOC, Tehran to AIOC, London, 22 December 1948, FO 371/68731 NA.
of the challenges facing Britain in Iran, his efforts were repeatedly undermined by the company’s representatives. Ruefully, Michael Wright of the Foreign Office noted that “the company’s operations and policy are not in any way controlled by His Majesty’s Government”, again demonstrating the challenges posed by managing an empire through informal means.\footnote{107}

Perhaps most damaging was the collective failure of both the British government and AIOC to recognise the emerging strength of Mohammad Mussadiq. In a nation dominated by a small, interconnected political class it is quite remarkable that his ascent went almost uncharted. Although mentioned briefly in John Le Rougetel’s June 1947 ‘Persian Personalities Report’, the first in-depth analysis of Mussadiq’s political outlook, goals and character did not come until November 1950, a matter of months before the AIOC was nationalised, and was highly subjective, depicting Mussadiq as driven largely by envy and pettiness.\footnote{108} However, by this stage he had established the National Front as a force on the streets and in the Majlis, led the occupation of the Royal Palace, come to dominate the Majlis’ oil committee and united otherwise disparate strands of Iranian nationalism. By any measure he was a totemic figure, yet the British chose to see him as a crank or ignore him entirely. Reflecting on their action, de Bellaigue accurately proposes that “the British regarded Iranian nationalism as political froth, generated by unscrupulous politicians and easily dealt with.”\footnote{109}

David Cannadine suggests that for those who ran it, the British Empire represented “the highest stage of hierarchy”, underpinned by racial and cultural classifications.\footnote{110} Although Iran was an informal part of the empire, this mindset remained omnipresent, supporting Robert McMahon’s suggestion that the “discourses of domination and subordination...can be just as pervasive and revealing in informal as in formal zones of control.”\footnote{111} Cannadine suggests that “[racial] hierarchy offered a cogent and appealing vision of imperial society and also, therefore, of imperial purpose.”\footnote{112} This outlook was clear in Iran: political unrest was dismissed as ephemeral and domestic led development shrugged off as impossible. British orientalism was particularly acute in descriptions of Mussadiq. His eccentricities, for example, were seized upon as examples of his madness, he was a “windbag”, a “lunatic” and “a demagogue”, but at no point was he seen as a substantive leader or as a real threat to Britain’s power.\footnote{113} In dismissing him offhand, the British government and AIOC alike revealed both their sense of infallibility and collective failure to understand Iranian politics or the Iranian people.

\footnote{107}Wright to Le Rougetel, 21 December 1948, FO 371/68732 NA.
\footnote{108}Pyman to Bevin, 13 November 1950, FO 371/82376 NA.
\footnote{109}de Bellaigue, \textit{Patriot of Persia}, 130.
\footnote{110}Cannadine, 128.
\footnote{111}Robert J. McMahon, ‘Cultures of Empire,’ \textit{The Journal of American History} 88, No. 3 (Feb, 2013), 888
\footnote{112}Cannadine, \textit{Ornamentalism}, 128.
\footnote{113}Le Rougetel to Foreign Office, ‘Persia Personalities Report,’ 18 June 1947, FO 371/62035 NA.
Although poor leadership from the Foreign Office and the AIOC was partly to blame for this failure, the burden of culpability also falls on the British Embassy, Tehran and Ambassadors Reader Bullard and Sir Francis Shepherd in particular. The former’s preferred policy towards Iran would have seen the country divided in two and enabled the *de facto* creation of a Soviet client state, despite fierce, consistent opposition from across Iran. These seeds of protest were ignored by Bullard. During his tenure the Tudeh were analysed in little detail, despite their burgeoning membership and success in mobilising generally apolitical groups of workers. Upon his arrival in Tehran, Bullard’s successor, John Le Rougetel, went as far as to call them “the only coherent political force in the country.”

Their emergence did not take place in a vacuum, yet formal reports of their growth were extremely limited and without understanding the situation on the ground it was difficult for officials in Whitehall to respond adequately.

The quality and depth of reporting from Tehran to London improved following Le Rougetel’s arrival. Unlike his predecessor, Le Rougetel’s messages were detail oriented and focused on providing the information to support wider British goals. He recognised the growing zeal for Iranian development, linking inequality and material standards of living to achieving political stability. Perceptively, he recognised the effect of the British on the fortunes of Iran’s economy. On reflection this relationship seems obvious, especially given Iran’s existence within the informal empire. However, it was rarely appreciated, despite the Foreign Office’s focus on improving living standards in the wake of the Tudeh threat. Importantly, Le Rougetel acknowledged the limitations of informal rule, identifying the AIOC as “too big for their boots” and adopting policies that were detrimental to wider British strategy. This was a key departure from what had gone before and again points to the fundamental weakness of informal empire: a reliance on private bodies acting in a manner favourable to the government.

The positive aspects of Le Rougetel’s time in Iran did not continue under his replacement Sir Francis Shepherd. Like Bullard before him, Shepherd had a markedly poor command of Iran politics and a tendency to rely on preconceived notions as to, what he termed, “the oriental character.” His appointment is perhaps surprising, given that he had no prior experience of the Middle East. Similarly, Bevin’s description of the post as one where there would not be “any trouble with the natives” suggests that little evaluation as to his suitability for it had taken place. Once in Iran, Shepherd failed to recognise the strength of nationalism there, or the power Mussadiq was able to wield through his role in the Majlis’ oil committee. Like Le Rougetel before him, Shepherd also struggled to improve relations with the oil company. Perhaps his greatest success was in recognising American opposition to British policy and the potential ramifications this could have. His insights in this area demonstrate knowledge gleaned through a successful diplomatic career.

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1114 Davis, *Contested Space*, 264.
1115 Le Rougetel to Foreign Office, ‘General Appreciation/Recommendations,’ 1 July 1946, T 236/220 NA.
1116 Ibid.
1117 Le Rougetel to N. M. Butler, 31 May 1947, FO 371/62044 NA.
1118 Shepherd to Sir William Strang, 6 April 1950, FO 371/82311 NA.
and suggest that he was perhaps appointed to the wrong post. While it would be easy to pour scorn on both Bullard and Shepherd, their respective tenures were demonstrations of wider problems in Anglo-Iranian relations and of British diplomatic mismanagement.

When analysing the decline of British power in Iran the question that repeatedly comes to mind is: could the AIOC’s nationalisation have been avoided? The answer seems to be a clear, but complicated, ‘yes.’ Had the British government somehow developed closer ties with the AIOC and engaged with the Iranian government to establish a more equitable relationship, it is possible that the anger and frustration that fueled Iranian nationalism may have been tempered. Without a broad base of support there is little to indicate that Mussadiq would have risen to the fore and developed the political power he came to enjoy. Such collaboration would not, however, have been piecemeal, but rather based on long-term, structured planning. Given the orientalism and mismanagement that pervaded the Foreign Office, Tehran Embassy and the oil company itself, there is little to suggest that this would have been possible.

Certainly political engagement in Iran was undermined by a reliance on non-state organisations and actors to represent British interests there. The AIOC’s focus on profitability and its determination to act as an autonomous entity made it difficult for Whitehall to set the course for Britain in Iran and added a complex layer of additional bureaucracy to the Anglo-Iranian relationship. To the Iranian people the AIOC was a clear manifestation of foreign domination, one that was difficult to ignore: how could they simply turn a blind eye to a London-based firm exploiting their oil and yet returning so little socially or economically?

The 1951 nationalisation crisis was one of the first major confrontations between the developed and developing worlds in the postwar era. It served to highlight Britain’s relative decline in power and to suggest that the assumptions that had been used to underwrite their empire no longer held true. It was no longer possible to assume that foreign, oriental people were too weak, too passive or too naive to organise, assemble and act to take control of their resources and affairs. Similarly, British corporate power could no longer be relied upon as a guarantee of overseas representation. Britain’s decline also raises questions as to the equitability of its relationship with the United States. Although it may not yet have accepted it, Britain could no longer play the role of Prince Hamlet, but had become, in the words of T. S. Eliot, “an attendant lord...deferential, glad to be of use.” The Attlee government had simply lost the ability to conduct a totally autonomous policy in an area it had historically dominated.

While the nationalisation of the Anglo-Iranian Oil Company is often treated as an afterthought in the annals of imperial history, the collapse of British power is a useful case study not only in the capabilities of nationalist movements, but in the limits of informal empire and the necessities of creativity and engagement in international affairs. The prelude to nationalisation, on reflection, stands as a time of missed opportunities and of failures that could have been mitigated, if not avoided.

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