CHAPTER - III

THE NATIONALIST UPSURGE IN IRAN AND
THE AMERICAN RESPONSE (1941 - 1952)

(a) The Accession of Shah

Mohammed Reza Shah had been born along with his twin sister Ashraf Pahlavi on 26 October 1919. His father had sent him to the prestigious Le Rosey School in Switzerland for his formal education and thereafter had put him under rigorous military training at the Iranian Academy. While studying in Europe, the young Shah had cultivated an interest in the field of international relations and had developed his own ideas concerning the process of modernization and economic development in Iran. He had further learnt the concepts of strategy and discipline while undergoing training at the Iranian Military Academy. Thus he had become well-trained in all matters relating to royal administration, prior to his assumption of power in 1941.

As stated earlier, the accession of Shah had taken place under very tragic circumstances, as his father had been forced by the Allied Powers to go into exile by abdicating the throne in his favour. The timing had also been pretty bad due to the presence of foreign troops as well as the domination of Iranian affairs by the Allied Powers following the defeat of his father in 1941. In fact, a sort of "national disgrace" had

95. For details see Ledeen and Lewis, n. 5, p. 8
been aroused in the minds of the Iranian people due to the defeat of their nationalist-minded ruler as well as the presence of foreign troops in the country. In the process, young Shah had been looked down by his own people for accepting such a national humiliation in order to remain in power. These sentiments can be understood in proper perspective when one goes through the two episodes as will be mentioned below.

It was discovered from the diaries of an important Iranian personality that at the time of his accession, the British had at first approached the then Prime Minister Mohammed Ali Foroughi with the suggestion to choose either of the two options as presented to him. According to the British plan, he could either become the President of the newly-formed Persian Republic (to be created by the Allied Powers) or that he could continue as Prime Minister under a constitutional Persian monarchy. It must be said to the good luck of young Shah that Foroughi had opted to accept the latter course. Secondly, at the time of his accession, the British had put forward a precondition to the original rightful owners that he would have to return back all the lands as confiscated by his father. Also, he had been asked by them to pledge his commitment to the Iranian constitution as well as to carry out "all the reforms considered necessary by the British Government".

96. For details see Ibid.
97. Ibid.
98. For details see Ramazani, US and Iran, n. 26, p. 3
pre-conditions as attached to his accession had been quite embarrassing for the Shah.

It may be observed in this context that allegiance to the Iranian constitution had become a source of great tension among various sections in the country, as each domestic group had sought to interpret the same to justify its own ideological position. For instance, the urban middle class, the merchants of the "Bazaar" [market place] as well as the Muslim fundamentalists had characterized the fall of Reza Shah as a victory for the "revival of constitutionalism". The clerical leaders, on the other hand, had advocated for the revival of a constitutional stipulation that all acts of Majlis [Parliament] should be supervised by a committee of five leading clergymen. While the clerical leaders had not pressed for the destruction of monarchy, they had made firm assertions that the Shah must "obey the law" and that "he must not abuse the institution of monarchy for his personal lust". The "nationalists", on the other hand had interpreted the fall of Reza Shah as the "revival of constitutionalism" as during the period 1906-1907. They had pressed for the implementation of constitutional provisions, reforms in the electoral, political as well as legal matters. They had further stressed on freedom of the press, assembly, free as well as fair parliamentary elections and had asserted that the military must be placed under the control of civilians.

99. Ibid.
100. For details see Ibid.
101. For details see Ibid, pp.3-4
It may be mentioned that the young Shah had inherited the phenomenon of "communist subversion" from his father's period. For instance, his father in the 1930's had successfully countered the influence of Soviet Intelligence Service, which, however, had become active again following his fall by recruiting Persian officials as espionage agents. They had also begun to infiltrate into the ranks of the separatist forces in the north-east and north-west as well as into the country's trade union movements.102 As the Iranian Communists, they had been playing a rather peculiar role at this juncture. For instance, while they had been singing nationalistic songs in public but secretly they had been nurturing the idea of establishing a "People's Republic of Iran".103 Also, the young Shah had to encounter some real threat from the Russian quarters. For instance, their firm military control over northern Iran and moral as well as material support for the Tudeh Communist Party, and the revival of old Czarist demands for oil resources in northern Iran and above all, Kremlin's open "reluctance" to pledge firmly the withdrawal of Red Army after the Second World War, had all been developments quite "upsetting" for the young Shah.104

At the same time his position had not become totally hopeless either, since he had inherited his father's supporters especially, the members of the aristocracy and the military leaders. Also, the role of his first Prime Minister Foroughi

102. See Ledeen and Lewis, n. 1, p. 10
104. Ibid.
had been quite helpful despite his open differences with the Shah on some key issues. Besides this, the young Shah had believed firmly that "strengthening military was the key to the survival of his nascent regime as well as to the internal and external security of Iran". Thus, while the domestic scenario had been quite "concerning" for the Shah in the beginning but it had improved considerably in course of time. For instance, he had very soon learnt the art of neutralizing the powerful influences (as exerted by the numerous political factions, parties and individuals) which had mushroomed on the Iranian political scene after the fall of his father.

The Shah had learnt his lessons from his bitter experience at the time of accession namely, the demands of the British government for observance of the constitution, the Allied Occupation of Iran, and potentiality unfriendly religious and political forces in the country as stated above. Such ugly experiences had prompted the Shah to think in terms of seeking support from a third foreign power, (barring the British and the Russians) namely, the United States. The example of his father had, infact, stirred him into such a thinking as in his estimation, American involvement in Iran could be conveniently used "to protect his nascent rule against perceived domestic and foreign foes". Further, according to him, since the Second World War had already punctured American policy of "isolationism",

105. See Ibid.
106. Ibid.
efforts could be initiated to "induce" the United States into the Iranian fray. 107

With such a perspective the Shah had taken the first initiative in approaching the US ambassador in Tehran on 8 October 1941, with the offer of an alliance with America. He had in fact put all blame on his father for having been surrounded by "bad advisors" which had resulted in all kinds of failures and had proclaimed his intentions to "govern constitutionally and look after the welfare of his people". 108 Thus, the young Shah had clearly displayed his bold vision for the future with this bold initiative concerning American involvement in Iran. It was also the first time in the history of Iran's foreign policy that its leader had envisaged an alliance with the United States in a single-minded spirit.

The story of American contacts with Iran prior to the accession of Shah, would be incomplete without narrating an episode described as the "Military Aircraft Purchase 1940-1941". It may be mentioned that during the years 1940-1941 Iran had made several requests to the US government for the sale of certain American military aircrafts, but by the time these aircrafts were to be actually sold to other purchasers including the Shah in 1941, their international price had increased substantially. In the circumstances, the US government had decided to give priority to other states who had made earlier

107. Ramazani, US and Iran, n. 26, p. 4
108. As cited in Ibid, pp.4-5
requests for such purchase ahead of Iran. Finding this delicate situation, the Iranian government had made a request to the US government rather privately that Tehran should be given priority over other purchasers, which, had not been acceded to by the latter. In the process the Iranian government had felt highly embittered over the episode. But the concerned issue probably had not been taken up with much seriousness by the Tehran government, in view of prevailing good relationship between the two governments since the accession of Shah in 1941. Thus, the accession of the Shah had paved the way towards greater understanding and cooperation between the United States and Iran.

(b) The Stationing of American Troops in Iran

Following the accession of Shah, however, a wave of intense nationalism had engulfed Iran. Infact, this phenomenon had received impetus during the period of Prime Minister Mohammed Mossadeq in the early 1950s following his nationalisation of the Anglo-Iranian Oil Company (AIOC) in 1951. In the process, Iran's relationship with Great Britain and other Western powers including the United States had been embittered. Also, during this period there was strong wave of reaction against foreign domination following the Anglo-Russian invasion on Iran beginning in 25 August 1941. These out bursts infact had symbolized strong symptoms of nationalist upsurge in Iran.

109. For details see Paarlberg, n. 23, p. 28
110. Ibid.
By way of background, as stated earlier, following the invasion by Germany over the Soviet Union on 22 June 1941, it had become a matter of great concern to the Allied Powers for sending military and food supplies by way of reinforcements as well as material help to Russia. But the traditional routes for such supplies had been blocked by Germany following its significant victories over the East European region. Under such a critical situation, it was decided by the Allied Powers to send supplies to Russia through an alternate route. In the meanwhile Iran had completed the construction of the Trans-Iranian Rail Road which, according to the Allied Powers, had appeared to be the most logical supply route to Russia, in view of their well-entrenched positions in the Persian Gulf.\footnote{111} But unfortunately enough for them, the situation in Iran had appeared to be quite "concerning", as its nationalist ruler Reza Shah had refused to allow them the facilities of the supply route through his country to Russia. Further, he had refused to accede to their demand that he should expel the German technicians working in Iran; as they had been apprehensive that these men might sabotage the Allied shipments to Russia. As a consequence a combined Allied military operation had taken place simultaneously over Iran on 25 August 1941 with the British invading the country from the south and the Russians from the north.\footnote{111a} As stated earlier, this had led to the fall of Reza Shah and also to the foreign occupation of the country beginning in 1941.

\footnote{111. For details see Charles L. Robertson, *International Politics Since World War II* (New York, 1966), p. 72}
\footnote{111a. For details see Ibid.}
As for the stationing of American troops in Iran, it has been stated earlier that Reza Shah had made an urgent plea in 1941 to the US President Franklin D. Roosevelt for help against the Anglo-Russian invasion which had been turned down by the latter. The President, on the other hand, had advised Reza Shah that he should assist the Allied efforts and must desist from his policy of supporting Hitler.\textsuperscript{112} These developments, however, had culminated in the overthrow of Reza Shah and the accession of his young son to the throne in 1941.

In the meanwhile the US government had broken its traditional isolationist policy following the Japanese attack on the American fleet at Pearl Harbour in 1941 and had decided to provide active support to the Allied efforts in the Second World War. As far as the Shah was concerned, such a dramatic turn of event had been considered highly propitious for Iran as there would be a strong American presence in Iran for sending reinforcements and supplies to the Soviet Union. Further, he had felt greatly delighted over the fact that about 40,000 American troops had actually arrived in Iran to assist the British-Russians war efforts against Germany through the Iranian access route.\textsuperscript{113} Also, the US had responded more positively to the Allied war efforts in the "Persian Corridor" by sending about thirty thousand American troops in 1943 to expedite "Lend Lease" supplies to Russia along the Trans-Iranian Rail Road.\textsuperscript{114}

\textsuperscript{112} For details see Ramazani, Who Lost America, n. 103, p.8
\textsuperscript{113} For details see Ramazani, US and Iran, n. 26, p. 8
\textsuperscript{114} See Paarlberg, n. 23, p. 20
In the process American troops had made their first entry into Iran beginning in 1943.

With the entry of US troops, the young Shah had received a golden opportunity to follow up his earlier initiative for greater American involvement in Iran. He had thereafter "single-mindedly" devoted his efforts towards inducing the Americans into developing greater stakes in Iran. For instance, he had taken the decision to hire a US military mission headed by Colonel H. Norman Schwarzkopf, for the strengthening of the Iranian security forces. In actual practice, however, the Shah had kept Schwarzkopf in direct charge of the entire administration and control of his Imperial "Gendarmerie" Armed Police Force. In fact the American general had successfully reorganized Shah's imperial army and had made it a well-knit modern unit. The Shah had further requested the US government in 1942 to send a military mission, a proposal, which had been wholeheartedly accepted by the latter. Incourse of time a military mission headed by General Clarence S. Ridley had arrived in Iran and that the Shah, had decided to repose his complete confidence concerning the activities of Ridley in his new assignment.115

In the same year [1942] the Shah had further decided to invite an American mission for the reorganization of the finances of the country. But such an initiative, as stated earlier, had aroused great controversy in the country. For instance the prominent economist, Arthur C. Millspaugh had

115. For details see Ramazani, US and Iran, n. 26, p. 8
headed an American mission in Tehran. Millspaugh had joined as Director General of Finance in 1943 along with seventy other Americans who had taken up work in the Ministries of Finance, Treasury, Food, Price Stabilization, National Bank, Customs and the National Police.\textsuperscript{116} It has been mentioned earlier that Millspaugh had headed such an American mission in the past but had unfortunately been caught in the web of Iranian politics and foreign policy and had been forced out of the country under orders of his father. As for the young Shah, he had repose confidence on the American, initially, but had been forced to withdraw support due to internal and external pressures on him as well as owing to differences that he had developed with Millspaugh later on. The main opposition to Millspaugh, however, had emanated from the Russian and British sources which had always sought to dominate the domestic scene of Iran. Also, the opposition from the Iranian quarters had been quite virulent especially in the Majlis, which had eventually sealed the fate of Millspaugh's reforms. For instance, a strange mixture of "traditional" and "new middle classes" had joined hands with some of the upper class members in the Majlis who had felt threatened by the fact that their vested interests were being jeopardized by the reforms as initiated by Millspaugh. The combined efforts of these articulate groups had succeeded in ensuring the repeal of the powers of Millspaugh in 1945.\textsuperscript{117}

It may be mentioned further that the Shah and Millspaugh had

\begin{footnotesize}
\begin{enumerate}
\item \textsuperscript{116} Ibid.
\item \textsuperscript{117} Ibid.
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developed a number of clashes between them. Thus, the efforts of American economist had once again ended in a fiasco.

In the meanwhile, significant improvement had taken place in their bilateral relationship. For instance, the US government had up-graded its legation at Tehran in 1943 to a full embassy and had signed a new bilateral trade agreement with Iran. The United States had also dispatched five separate advisory missions to Tehran to assist the Iranian government in several areas such as military reorganisation, police training and food supplies.

The domestic picture of Iran, however, had been surcharged with tension following the entry of foreign troops on its soil. This had aroused a strong feeling of "national humiliation" in the minds of the average Iranian. The situation had become further complicated due to the activities of the extremist groups in Iran backed by foreign powers. For instance, the Russians had openly supported the separatist agitations of Armenian, Kurdish, Turkish speaking minorities in Iran. As far as Britain was concerned, it was following a dual policy. At the official level, it had continued to display its commitment to stand by its ally (namely, Soviet Union) during the course of the Second World War. But in actual practice, it had sought

118. Their differences had grown over the size of the army. For instance, the Shah had wanted 1,08,000 men, while Millsap had suggested the drastic reduction of the same to 30,000 men. For details see Rubin, n. 7, p. 22

119. For details see Paarlberg, n. 23, p. 20
to safeguard its interest by helping Iran to stiffen its resistance against the Soviet Union. As for the Americans, they had sought to keep themselves aloof by and large and had merely provided economic and technical aid to the Iranian government.\(^{120}\)

The domestic scene in the meanwhile had become "frightening" with the British and Soviet soldiers as well as their civilians having virtually run amuck the whole country. With a price rise of four hundred and fifty per cent over the 1939 prices and with the famine having swept large parts of Iran, the situation for the Shah had become pretty "desperate". In this background the Persians had perceived that their position vis-à-vis the British and the Russians was not that of an "ally" but of a "conquered" people.\(^{121}\) However, in the face of such a "frightening" picture, the Iranian leaders had decided to make an appeal to the US government for "guarantees" and "assurances" concerning the fate of Iran. While they could not succeed in persuading Washington to terminate the foreign occupation immediately, (in view of the firm commitment given by the US President Roosevelt to pursue ceaselessly for the Allied Victory over Germany), at the same time, they were able to elicit a personal assurance from him that he would seek an Anglo-Russian declaration on the schedule of foreign troop withdrawal from Iran. In fact, strong American pressures had eventually forced both the reluctant powers namely, Britain and Russia to sign a treaty with Iran in January 1942. Article 5 of the Treaty had

\(^{120}\) For details see Robertson, n. 111, p. 72
\(^{121}\) For details see Rubin, n. 7, p. 19
stipulated that the Allied forces would be withdrawn from the Iranian territory "not later than six months" after the end of the Second World War.\textsuperscript{121a} After the signing of the agreement, however, the popular feelings in Iran had become mollified to some extent. The US government had taken a step further to provide additional guarantees for the Iranian independence. For instance, President Roosevelt had successfully persuaded the Russians during the Big Three Conference (US, Britain and Soviet Union) held at Tehran in December 1943 to endorse a section in the final communique reiterating the "desire for independence, sovereignty and territorial integrity of Iran".\textsuperscript{122}

While the British had not appreciated the initiative taken by the US government in respect of Iran, they were also not in a position to resist the expanded American-Iranian contacts. But they had decided to keep quiet in view of their apprehension that an alternative to the United States in the Iranian fray might be further extension of Soviet influence in the Persian region, a scenario, which would be pretty bad from the British point of view. Besides, they had appeared to entertain a hope that the stationing of American troops as well as advisers might result in filtering some amount of resentments that had been principally directed against the British in Iran.\textsuperscript{123}

Following the entry of American troops into Iran, the US government found itself embroiled in its domestic scene.

\textsuperscript{121a} For details see Ibid.
\textsuperscript{122} See Robertson, n. 111, p. 72
\textsuperscript{123} For details see Paarlberg, n. 23, p. 20
This had been due to the constant complaint made by the Tehran government in respect of the atrocious behaviour meted out to the Iranian people by the Soviet and British occupation forces. Concerning the Soviet troops, they had complained that the Russians had removed all Iranian troops from the north and also that they had snatched away enormous quantity food stuff and goods to their country without paying any duty to the Tehran government. Also, as southern Iran had to depend largely on northern crops for its sustenance, a large exodus of food materials to the USSR had resulted in a famine amidst the most-densely populated areas of the country. Further, the USSR had been found stimulating separatist agitations among the Turkish-speaking people of Azerbaijan, (Iran's north west province) as well as among its sizable Kurdish ethnic minority. Also, the communist guerillas (belonging to that ethnic group on the Russian side of Tehran borders) were being infiltrated into Iran for facilitating such a process. Besides this, the leaders of the Iranian Communist party, (the Tudeh, literally "Masses" party) who had been arrested during the regime of Reza Shah had in the meanwhile been released. In fact, these communist guerillas had received large amount of subsidies and encouragement from the Russian quarters to foment internal crisis in Iran. Further, large scale bribing to journalists and non-Tudeh Majlis members had also been resorted to at the behest of the Russian government. In the process, the ugly imperialist face of the Russians had been displayed on the Iranian scene.

124. For details see Rubin, n. 7, p. 19
125. Ibid.
It may be mentioned further that the Iranians had generally regarded the British behaviour as somewhat better as against the Russians. At the same time the Iranian foreign minister had complained that the English were literally "pillaging" them. While such a remark had looked to be highly "uncomplimentary", still many Americans had put the blame for the food "riots" of December 1942 on the British.126 As for the Iranians they had developed a great dislike for both the British and the Russians and had reposed their entire "trust" on the United States. They had always felt that Iran could be "baled out" of its precarious position only through the strong US "commitment".

In the meanwhile the American Intelligence Agency namely, the office of Strategic Services (OSS) while operating within Iran had made its own assessment with regard to the behaviour of the Russian and British troops. According to the OSS, the Iranians were "unhappy" and very "restive" as they were being "ravaged" by both the British and the Russians.127 The US ambassador in Tehran, Louis Dreyfus had felt that "while Iranian were becoming too unjust and critical about the British", still they could not be blamed entirely for nursing such views as their relationship during the course of the Second World War had been based on "force" and "exploitation" rather than on "mutual help" and "good will". Such a caustic view by the American ambassador infact had so much enraged the British

126. Ibid, p. 20
127. Ibid.
government that they had pressed hard for his immediate removal.\textsuperscript{128} The American policy makers, however, had continued to share similar views on the matter, which had become evident from a report in January 1943 as prepared by John Jernegan, a State Department official, and an expert on the Middle East. According to Jernegan, "Although Russian policy had been fundamentally aggressive, and British policy fundamentally defensive in character, the result in both cases has been interference with the internal affairs of Iran".\textsuperscript{129} In the process, according to the American official, the Iranian people had developed "an ingrained distrust of both powers".\textsuperscript{130}

It may be mentioned that such angry out-bursts against both the British and the Russians had helped to boost the effectiveness of German propaganda against the Allied Powers. Hitler's appearances on the screen had been extremely popular with the local crowd in Tehran. This, along with the state of affairs in the country, had been quite "concerning" to the US government. By late 1943, the Iranian government been on the verge of a total breakdown, a situation, which had prompted the Secretary of State, Cordell Hull to the reported remarks before the US President Franklin D. Roosevelt that Iran "may dissolve into chaos at any moment".\textsuperscript{131}

Following the stationing of American troops, however, the US had established a new Persian Gulf Command in January 1943.

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128. Ibid. \\
129. Ibid. \\
130. Ibid. \\
131. Ibid, p. 21
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to facilitate "lend lease" supplies to the Soviet Union. The American policy-makers had thereafter begun to think in terms of developing a co-herent policy towards Iran, which, in turn, had envisaged two things namely, a US strategy for defining Iran's place in a post-War world and a clearer guarantee for its independence. To facilitate such a process, there had been behind-the-scene activities between the White House and the State Department. A consensus had thereafter developed that Iran should be made strong so that it would be able to stand on its own feet and hold firm against the Russians and the British in the post-war years. According to such an estimation, it was the United States which could only provide effective aid to Iran so that the latter could protect itself from its "two un-welcome guests" namely, the British and Russians.132

Such an assessment had also been shared by President Roosevelt. For instance, he had written enthusiastically to Secretary Hull stating that he had felt "thrilled by the idea of using Iran as an example of what we could do by an un-selfish American policy".133 He had also reportedly written to the British Prime Minister, Winston Churchill in February 1944 along these lines that "neither the United States nor any other country should acquire a zone of influence in Iran."134

Thus, the American position had been clearly spelled infavour of a strong and independent Iran, free from internal

132. As cited in Ibid, pp.21-22
133. Ibid.
134. Ibid.
weakness and dissensions that might breed foreign intervention. A weak Iran, according to the US estimate, would result either in bitter Anglo-Russian conflicts or pave towards an imperialist partition between them to satisfy their lust for power, influence as well as territorial acquisitions. In the American analysis, it would be better if Iran could become an example of Allied co-operation in the post War period and that the US government should become the real guarantor of such a position. The American position had been clearly spelled out at the Tehran Conference in 1943 where the three Great Powers (US, Britain and USSR) had pledged to preserve Iran's "unity," and "independence" and to promote its "development" process. Infact, President Roosevelt's envoy to the Middle East, General Patrick Hurley had played a leading role in successfully inducing the British and Russian Prime Ministers to endorse the American position.

As for the Shah, he had felt greatly elated after the Tehran conference, as it had provided guarantees by the "Big Three" for the territorial integrity as well as independence of Iran. Infact, the Tehran government had sought to strengthen American friendship by inviting the US Oil Companies to negotiate for possible concessions in northern Iran. The Russians, however, had reacted rather strongly to the move as it had been construed as an "encroachment" on their perceived "sphere of influence". The Russians had further sent a delegation to meet the Iranian Prime Minister Muhammad Saed with a proposal to grant them oil

135. Ibid, p. 23
136. Ibid.
rights in the north. The USSR plan had been to infiltrate large number of Russian technicians and to establish a Soviet-controlled School System. In this connection, the report of the Office of Strategic Service (OSS) had stated, "It appears that crucial point in Russian penetration is at hand ... it is well-established that the Russians are going to follow through by whatever means are necessary". According to the report, these had included, "bribing of public officials, forcing a change in the cabinet, propaganda campaigns, labour strikes, restricting food shipments from northern Iran and creating disturbances" for Russian intervention. As for the Iranian Prime Minister Saed, he had been a past veteran in dealing with such foreign pressures. Analyzing the situation, he had reportedly taken the decision that all negotiations for oil concessions be deferred until after the Second World War. By such a move the Iranians had been able to get a temporary reprieve from mounting Soviet pressures. As for the United States, it had been able to perceive the fact that Washington would have to stand by Iran in choosing its course of action in the post-war years without fear of retaliation from other foreign quarters.

Thus, the first phase of US-Iranian relationship following the accession of Shah and the stationing of American troops had been quite rewarding for both the countries. It had helped to smoothen their relationship as well as to appreciate each other's position. However, the imperialist powers had been

137. Ibid, p. 24
138. Ibid
139. Ibid
silently working behind the scene in Iran to extract further concessions from its government on the oil front. These developments in course of time had led to the eruption of a crisis involving the foreign oil interests. The story of the oil crisis will be treated in a later section.

(c) The Soviet Troop Withdrawal

It has been mentioned earlier as to how President Roosevelt had hoped to make the Tehran Conference an example of "Big Three" co-operation in the post-war period and also as to how he had felt frustrated due to Russian intransigence over the Iranian problem. Gradually, however, the US policy-makers had become convinced of Moscow's "aggressive design" towards Iran. In the process, the American blue print of a "balance of power" game in Iran had fizzled out. Instead, the US had begun to ally itself with London and Tehran for the ejection of the Soviet-occupation troops as well as to counter Russian attempts to "carve" up Iran. Thus, Iran had become a "testing ground" for the containment policy and a key experience in persuading the Americans about the Soviet "bad faith".

To begin with, it may be stated that the Big Three (US, USSR and UK) had affirmed at the Yalta, Potsdam and Moscow Conferences in the year 1945 to maintain the "war time co-operation" in the period following the Second World War. With regard to Iran, the Big Three at the Tripartite Treaty of January 1942 had pledged withdrawal of all foreign troops within six months of Allied victory. With the Japanese
capitulation in August 1945, the six month deadline was to expire in February 1946 at the latest. But the American attempts to bring about a peaceful resolution to the Soviet occupation forces in Iran had not succeeded and that in the end it had appeared as if the Russians were in no mood to leave Iran. Thus, the first quarter of 1946 had witnessed a complex international crisis developing out of American failure to induce the Soviet withdrawal from Iran. In the meanwhile American policy-makers had their own estimation about the Soviet intentions in Iran. According to the US Ambassador Wallace Murray, Moscow's "short-run" objective had been the creation of "buffer zone" in northern Iran, while its long range aim had been a direct access to the Persian Gulf, with the establishment of a puppet government "led by men under Soviet influence amenable to Russian demands and hostile to other foreign nations". The Ambassador, in fact had indicated in his report that there was possibility of the USSR inspiring a coup in Iran which was likely to threaten American oil holdings in Saudi Arabia, Bahrain and Kuwait.140

In addition to employing dilatory tactics concerning the withdrawal of its troops, the Soviet Union had also sought to increase its efforts in building a pro-Russian political apparatus in Iran through which it had hoped to maintain its influence "should the occupation forces leave the country". Agreeing with a similar concern as expressed by the British Ambassador in Tehran, American Ambassador Wallace Murray had

140. For details see Rubin, n. 7, pp. 31-32
informed the State Department on 16 July 1945 that the Soviets were refusing to deal with the Iranian Prime Minister or its Foreign Minister in an apparent effort to bring about the fall of the Cabinet and its replacement by one more friendly to Moscow. In its response, the State Department had seemed to share with the terrible "concern" as expressed by Ambassador Wallace Murray and had instructed him to keep the US government "fully informed about Soviet activities in Iran including the stimulation of anti-American propaganda attacking the United States". In fact, throughout August 1945 the American Embassy in Tehran had kept reporting that the Soviet Union was trying to prevent the Iranian authorities from putting down unrest and that the general situation in Tehran had been quite "concerning". A report from the American Embassy in Moscow had indicated further that the Soviet press had been providing great importance to the organization of an Iranian Democratic party in Azerbaijan as well as sponsoring its claim for autonomy from Tehran. Thus, it had raised the spectre that the Soviet Union was indeed attempting a "power play" in Iran similar to that which it had already succeeded in achieving in most of Eastern Europe.

Observing these developments, the Director of the State Department's office of Near East and African Affairs, Loy W. Henderson had stated in September 1945 that the strengthening of Azerbaijani nationalism in northern Iran under Russian

142. For details see Benson L. Grayson, United States - Iranian Relations (Washington, D.C., 1979), pp.85-86
instigation "would do much to weaken the effectiveness of the Iranian central government". Henderson's concern had been strongly echoed by the American Ambassador in Tehran Wallace Murray who had urged the State Department on 25 September 1945 that the time was "ripe" for the United States "to take a positive stand against the continuation of Soviet activities in Iran". The ambassador had reportedly stated that the success of Russian activities would not only threaten American oil holdings in Saudi Arabia but also could pave the way towards an armed clash between Britain and Russia. This was because, he believed that Britain would seek to protect its control over the southern Iranian oil fields and the vital communication line between the British Isles and India. Ambassador Murray, in fact, had believed that the internal political, economic and social conditions in Iran were "deplorable" and that its ruling class had shown little evidence of "either the will or the ability to control them".

While expressing such apprehension, the US government had gone ahead with its plan of American troop withdrawal as agreed upon at the Anglo-Russian-Iranian Tripartite Treaty of January 1942. Infact, the last American troops had left Iran on 1 January 1946. The Britishers had also announced that they would meet the March deadline as stipulated under the treaty. The Soviet Union, however, had refused to set a date for its

144. For details see Grayson, n. 142, p. 87
withdrawal from Iran. Instead, it had infused a crisis by establishing a puppet Kurdish state along side their own Azerbaijan state. The Kurdish leaders had been invited to Moscow where they had been instigated to set up their own regime under the Soviet patronage. The situation had become almost similar to what had happened in Rumania and Bulgaria which had fallen prey to the Soviet domination immediately following the Second World War. 145

Faced with the situation of continuous Soviet build up in Iran, the new US Secretary of State James Byrnes had stated rather openly that the Russians were about to add "military invasion to subversion". Bounding his fist in to his palm, he had reportedly remarked "Now we will give into them with both barrels". Also, in a strongly worded speech delivered later on 28 February 1945 he had warned the Russians that the US would not "stand aside" in the face of Soviet aggression. He had further ordered the dispatch of an American naval task force to "show the flag" in the Persian Gulf region. 146

As for the response of the Soviet Union, the American threat had produced little result as the Russian leaders had shown little disposition to soften their stance vis-a-vis Iran. Dismissing Byrnes's warning that Iran might well take the issue concerning the Soviet troop occupation to the United Nations, the Russian leaders Stalin had sought to justify his country's

145. See Rubin, n. 7, p. 31
146. As cited in Ibid, p. 32
policy by asserting that the Iranian government, was becoming hostile to the Soviet Union and that there was, an inherent danger that this hostility might lead to the sabotaging of the Russian oil fields at Baku. He had further claimed that, "Moscow had the right under the 1921 Soviet-Iranian treaty to send troops into Iran if conditions in that country became unsettled".  

It may be mentioned that the United States had contemplated to resort to diplomacy for pressurizing the USSR to evacuate its troops from Iran. Infact, it had sought to raise the issue during the Big Three Foreign Ministers Conference scheduled to be held at Moscow from 16-26 December 1945. But in the light of Stalin's harsh rejection of the American proposal, the Foreign Ministers Conference at Moscow had been adjourned without making any move on the matter. As for the Iranian government it had thereafter decided to request the United Nations to take up the cause during its first session scheduled for at London in January 1946.  

Although Britain's role in the Iranian crisis had been most constructive from American point of view, differences in political approach had very soon developed between them. For instance, the Iranian government's first attempt to register a complaint with the United States had not only displeased the Russians but also had drawn objections from the British quarters.

148. For details see Grayson, n. 142, pp. 89-90
Lord Halifax, the British Ambassador in Washington, in fact had gone to the State Department to meet Under Secretary of State, Dean Acheson in order to request the United States government to join with the British in urging the Iranian authorities to withdraw their plan of submitting a protest report to the United Nations. As for the British, they had been seeking to push through the idea of a Tripartite Commission (Anglo-American-Russian) to deal with the issues relating to Iran and had not wished to risk a public confrontation with the Soviet Union at the United Nations. But the United States Ambassador in Tehran, Wallace Murray, had reportedly stated that he strongly believed that the British were preparing to make a tacit "deal" that would give the Russians "a free hand" in northern Iran "in order to preserve" southern Iran for themselves. But whatever might have been the British ulterior motives, their plan of creating a tripartite commission had failed because the Soviet Union had refused to go along with it. Also, the British motive had given rise to strong political opposition in Iran. For instance, Mohammed Mossadeq, who was then a deputy in the "Majlis", had made an impassioned speech criticizing the British ideas and had compared the same with the Anglo-Russian scheme of 1907 which had partitioned Iran into spheres of domination and to the infamous Anglo-Persian treaty of 1919. Under these circumstances, Prime Minister Hakimi had sent new instructions to the Iranian Ambassador in London to

149. See Kurross A. Smail Involvement By Invitation : American Strategies of Containment in Iran, (University Park Pa., Pennsylvania, 1987) P.73
file a complaint against the Soviet Union at the UN. This move, however, had irritating the Russians who had retaliated by calling for British withdrawal from Greece. The Ukrainian delegation had been instigated by the Soviet Union to utilize its separate membership in the United Nations to file another protest against the British presence in Indonesia. The Lebanese and the Syrian delegations had also submitted complaints against the French and the British occupation of their respective countries. Thus, the first meeting of the United Nation, had been turned into a political "circus" marked by "bickerings" among the war-time allies in respect of their respective "spheres" of domination. 150

In view of these developments, the Security Council had decided to avoid a showdown with regard to the Soviet menace in Iran. It had passed a resolution on 30 January 1946 noting the readiness of Moscow and Tehran to seek a solution through direct negotiation. 151 Despite all efforts throughout this period bilateral negotiations between the Soviet and Iranian governments had produced no concrete results. Infact, the inability of the Persian government to deal with the Crisis has resulted in Prime Minister Hakimi's resignation and paving the way for Ahmad Qavam, an experienced politician, to become Prime Minister of Iran. 152 With the assumption of power by Qavam, the venue of Iranian-Soviet discussions had shifted to Moscow by mid-February 1946. 153

150. For details see Ibid, pp.73-74.
151. Grayson, n. 142, p.92.
152. Small, n. 149, p.79
153. Grayson, n. 142, p.92
During his stay in Moscow, Qavam had resorted to a policy of "trickery" as well as "deception" to win over the Russian favour. Infact, a combination of American pressures as well as Qavam's deception had finally worked out to resolve the impasse. To begin with, Qavam was capable of playing a cunning game whenever it served the interests of his country despite the fact that he was practically distrusted by everybody including the Shah. But despite this, he had the credentials of being a person with keen intelligence and essential patriotism, which had been clearly demonstrated during the discussion at Moscow beginning February 1946.

The process of negotiation, however, had begun on a tough note as employed by the Russians. For instance, the Russian leaders namely, Stalin and Molotov (foreign minister) had charged Iran for being discriminatory against the Soviet Union while favouring the British concerning oil concessions. Molotov had made the suggestion for a joint Russo-Iranian Company to develop oil resources in northern Iran in which the Russians would hold a controlling 51 percent. To avoid provoking the Soviet leaders Qavam had cleverly pleaded that "he was prohibited by law from discussing the question and that the only hope of reopening the issue lay in the election of a new Majlis, which was impossible as long as foreign troops remained in Iran". In another shrewd move, Qavam

154. Rubin, n. 7, p. 33
155. Smali, n. 149, p. 79
156. For details see Rubin, n. 7, pp. 33-34 and Smali, n. 149, p. 79.
157. Smali, n. 149, p. 79
did not argue, when Molotov pressed for Iran's recognition of an independent Azerbaijan; but politely explained that such recognition required approval from a new parliament, the formation of which had become delayed due to the presence of Soviet troops. Thus, through such clever tactics, Qavam had sought to demonstrate that he had no intention of satisfying Soviet wishes and had been merely seeking to induce the departure of Soviet troops from Iran.  

It may be mentioned that during the process of negotiations, Stalin had further highlighted the importance of introducing social reforms in Iran. The idea had particularly appealed to Stalin because through such reforms the Iranian feudal system could be uprooted, thus enabling the Communists to manipulate in Iran. To this also, Qavam had tactfully responded by stating that while social reforms were essential, they would be only possible only after Iran was made free from foreign occupation. In this process, Qavam had been able to hoodwink the Russian pressure rather cleverly.

During the process of negotiation, Qavam had become clearly convinced that the oil was the real core of the matter. In fact, acting on that premise, he had "manoeuvred with great skill, luring the Russians with the

158. For details see Ibid, pp.79-80.
159. Ibid., p.80
prospect of a concession for twenty five years covering most of the north of Iran, in which they would have the controlling interest they demanded". Further, to appease the Russians he had "removed the ban on Tudeh party meeting, supressed anti-Russian newspapers and ordered the arrest of public men known to be anti-Soviet." In return, Qavam had been able to extract a promise from the Russians for their troop withdrawal from Iran. 160

It may be mentioned that Qavam's readiness to make oil concessions to the Russians had alarmed both the Shah and the United States. As for the Americans, they had felt that Qavam's policy of "modified appeasement" would eventually leave him with no other choice but to become either a "puppet" of the Russians or to be overthrown to make way for another Soviet protege. The Shah had also felt totally dissatisfied with Qavam and had stressed that forceful measures be taken to prevent Iran from becoming a puppet of the Soviet Union. 161 But the international situation by then had become quite tense as the American Vice Consul at Tabriz had reported on 6 March 1946 concerning the movement of Soviet troop towards Tehran. Finding such a situation, a stiff American note had been handed over to the Soviet Union on 5 March 1946 asking the latter to respect the Tripartite agreement, the

160. For details see Mohammed Heikel, Iran: The Untold Story and Insider's Account of America's Iranian Adventure and Its Consequences for the Future (New York, 1982), pp. 48-49
161. Ibid, p. 49
Tehran declaration and the UN charter and to withdraw its troops for Iran. As far as Qavam was concerned, however, he had not felt completely assured about the American-British assistance in withstanding to the Russian pressures and had decided to place the Iranian case before the United Nations.  

Qavam thereafter had requested the American and British Ambassadors in Tehran to extend their support to his reported move to place the matter before the UN. As for the American Ambassador, he had met Qavam to convey the feelings of both the US and British governments that they all believed that Iran had no other recourse open but to appeal to the Security Council. Following their declaration, Qavam had made a public announcement on 19 March 1946 concerning his request to the UN that the dispute be placed on the agenda of the Security Council scheduled to meet on 25 March 1946 at New York. As for the Soviet Union, it had responded to the Iranian move by proposing a change of date for the Security Council meeting from 25 March 1946 to 10 April 1946. But both the British and the US governments had rejected the Soviet proposal. In fact, the US President Harry S. Truman at a press conference on 21 March 1946 had strongly attested America’s determination to support Iran’s complaint in the Security Council. But before the Security Council was scheduled to meet the Russians had

162. For details see Smai ii, n. 149, p. 80
163. Grayson, n. 142, p. 93
164. Smai ii, n. 149, pp. 80-81
suddenly decided to withdraw all its troops from Iran within a period of between five to six weeks. Thus, the American pressures coupled with Qavam's deceptive tactics had eventually resulted in ensuring the Soviet troop withdrawal from Iran beginning in May 1946. In fact, the process had begun on 21 May 1946, when the Iranian troops had entered the Azerbaijan area and had succeeded in removing the Soviet-installed government established at Tabriz.

(d) American Response To The Oil Nationalisation Issue

It has been stated in the previous section that the US government had taken the most constructive role during the negotiation over the Soviet troops withdrawal from Iran. It was naturally anticipated that both the countries would develop close rapport following the successful resolution of the crisis. But very soon there had emerged other issues which had added complications to their bilateral relations. To add to these complications, however, had been the nationalistic euphoria that had already been aroused over the preservation of oil resources in the country.

To begin with the story, it may be mentioned that following the Second World War, the US objectives in Iran had been spelled by its ambassador in Tehran, Leland

165. For details see Ibid.
Morris as comprising the prevention of "Soviet domination" over the country. According to ambassador Morris, such a domination would be harmful to American interest for the following reasons namely:

... It would mean exclusion of American airlines from Iran. It would orient Iranian trade towards Russia to detriment of our commercial interests. It would end all possibility of an American oil concession in Iran. Most important of all it would mean extension of Soviet influence over to shores of Persian Gulf creating potential threat to our immensely rich oil holdings in Saudi Arabia, Baharein and Kuwait ... 165a

Following the Soviet troop withdrawal, however, the American objective had been spelled out further through a State Department policy paper published in June 1946. It had stated that the American objectives had consisted of "preventing the division of Iran into Russian and British spheres of influence, insuring Iran was not absorbed into the Soviet orbit of satellite states, encouraging friendly Iranian relations with all nations, promoting its internal security, and fostering Iranian economic development and the growth of democratic institutions." The policy paper had gone on to add that the United States should resort to employing "friendly diplomatic channels" rather than the use of "military force". 166

166. For details see US Foreign Relations; 1946 (Washington, D.C., 1969), vol. vii, pp. 507-509
It may be mentioned that the United States had posted a new Ambassador, for Iran, George V. Allen in May 1946 who was determined to employ force in order to bring the Azerbaijan province under Tehran’s control if negotiations would breakdown. Indeed, American hands had been strengthened by the effective actions of the Iranian Prime Minister Ahmad Qavam which had dispelled all doubts concerning his pro-Soviet sympathies. For instance, he had dispatched troops in December 1946 to oust the Azerbaijan provincial authorities and that much to everybody’s astonishment, there had practically been no resistance to the Iranian forces had peacefully occupied Tabriz, the capital of the province on 12 December 1946.  

But the successful culmination of "Azerbaijan episode" had not resolved further conflicts that had developed between the Iranian and the American policy-makers. This had been due to differing perspectives concerning their foreign policy priorities in terms of national interest. For instance, while Shah and Tehran politicians had strongly believed that the US would "provide them with massive economic and military assistance" on the pattern of Turkey and Greece, the American policy-makers, on the other hand, had construed that their basic task would be "to safeguard Iran from Soviet pressure or take-over". Further, American policy-makers they had put emphasis on "internal reforms" as necessary concommitant to preventing "a domestic collapse or a communist-led revolution".

167. For details see Grayson, n. 142, pp. 98-99
They had further asserted that Iran should take steps towards "democratic political institutions, towards press freedom and towards land reforms", which had constituted the necessary pre-conditions for ensuring greater American support through the Marshall Plan. Such perspective, however, had not been well received in Iranian official circles and had been regarded as according their country a "second class" status in sharp contrasted with the American policy of containment as had been applied in respect of the development of Greece and Turkey.

There had developed other areas of conflict between them as well. For instance, while the Iranian officials had perceived that their country would always remain at the "centre of American concerns", their US counterparts, on the other hand, had accorded them a "low priority" status vis-à-vis other American allies in the Middle East and Europe. Also, numerous petty irritants had developed between the two countries over their differing perspectives with regard to bilateral relations. For instance, while the US had wished to establish close relations with Iran and had sought to protect the country from falling under Soviet domination, yet at the same time it had been anxious to avoid any commitment towards a military intervention that might develop due to escalation of Soviet pressures on Iran. On the other hand, Iran had accorded a high priority to obtaining

168. For details see Rubin, n. 7, p. 36
169. For details see Grayson, n. 142, p. 104
170. Rubin, n. 7, p. 36
a firm guarantee of American military support in the event of an escalation of soviet pressures over them. In the process "a rising tide of nationalism" had overwhelmed most Iranians to react rather "emotionally" to any suggestion that "their nation would not receive the treatment due to it as a great power".\footnote{For details see Grayson, n. 142, p.109}

Both the countries had also developed differing perspectives concerning Iran's economic requirements as well as the quantum of American military assistance to the country. While Iran had pressed for speedy economic modernization programme, the US State Department and the World Bank, however, had not felt quite "optimistic" about Tehran's economic prospects. This had been due to the "vagueness" as well as "lack of preparedness" on the part of Iran to utilize foreign loans "efficiently" and "diligently". In respect of military assistance also, both the countries had sharply differing perspectives. For instance, while Iran's military expectations had been quite enormous and "sky rocketing", as far as the United States was concerned, it had always perceived Iran as "less stable" and "less reliable" in sharp contrast to both Greece and Turkey. Infact, the American position had been made rather clear by its Under Secretary of State Robert Lovett who had stated in December 1947 that, "US military assistance should continue to be aimed at internal security, not national defence of Iran".\footnote{For details see as cited in Rubin, n. 7, pp.36-37}
Another irritant in US-Iranian relations had been the unresolved problem concerning the Soviet demand for oil concessions in northern Iran, which had been tactically agreed upon on a quid pro basis by Prime Minister Ahmad Qavam in April 1946 at Moscow for ensuring the withdrawal of Russian troops from Iran. It had been promised by Iran during the negotiation that the matter would be placed in the "Mejlis" for final approval, which, however, had not been obliged to immediately by Prime Minister Ahmad. He had felt in no hurry to do so after he had accomplished his country's major objectives of overthrowing the Soviet troops as well as the Azerbaijan regime. As for the US government, it had provided an advice to Qavam on 31 May 1947 by stating that, "while the decision was entirely for Iran to make, but before granting the concessions to the Soviet Union, Tehran should make certain that it did not jeopardize its own independence". But when Qavam had sought to secure a firm commitment of support from the US government concerning the oil issue, the latter had backed out completely and thereby had caused tremendous frustration in Iran. 173

Following these developments, however, another crisis of international dimensions had engulfed Iran concerning the issue of the nationalisation of the Anglo-Iranian Oil Company (AIOC) on 30 April 1951. With this, the domestic scenario in Iran had entered a turbulent phase, as the nationalist upsurge had once again gripped the country in a hysterical fashion.

173. For details see Grayson, n. 142, pp.105-106
To begin with this story, an attempt had been made to murder the Shah by a member of the Tudeh party while he was visiting the Tehran University on 4 February 1949. This incident had provoked a wave of popular support in favour of the Shah as well as revulsion against the Iranian Communists (Tudeh party). The incident, however, had been successfully exploited by the Shah in implementing measures he had been contemplating long since namely, the banning the Tudeh party, declaring Marshal law, calling for elections of a Constituent Assembly to revise the Constitution and dissolving the "Majlis". With little opposition as emanating from the Constituent Assembly, the Shah had been able to revise the constitution by providing certain safeguards in his favour through the creation of a new Upper house in the Majlis (consisting of half elected members and the other half nominated by Shah) as well as by giving him the right to dissolve the Majlis. In the process, a major shift in political power had taken place without significant domestic unrest. Armed with these powers, Shah had sought to dominate the political scene in Iran by appointing Ali Mansur, a man of doubtful integrity as Prime Minister in February 1950, who, however, had very soon proved himself a complete "misfit" to the new task as assigned to by his ruler.

175. For details see Grayson, n. 142, p. 112
176. For details see Rubin, n. 7, pp. 45-46
The Shah had next turned to General Ali Razmara, the hero of the reoccupation army to Azerbaijan, to become the Prime Minister on 26 June 1950. Razmara, infact, had sought to enhance his political image as a "practical" and "hard-hitting" leader by promising to revive the "anticorruption campaign" as well as to "limit" the Shah's power. Further, he had sought to project himself as being strongly backed by the United States. Although he had raised some initial high hopes in American circles, yet Razmara had eventually proved himself to be disappointing politician, who had been "unable to delegate authority, develop programmes, or mobilize popular support". As for Shah, he had become quite concerned about Razmara's utterances as well as his possible role, which had been perceived as increasing antithetical to his role in Iran. Also, the State Department had not felt at all pleased with Razmara's performance as they perceived the Prime Minister as a "neutralist" who had refused American loans, severely curtailed travel by US officials and had pressed for improved relations with the Soviet Union. All these factors had contributed to his "unsuccessful" role, which however, had ended rather tragically on 7 May 1951, when he had been assassinated by a member of a fanatical moslem terrorist group called the "Fedayeen-i-Islam" under the direction of Ayatollah Sayyid Abu al Qasim Kashani.177

177. For details see Grayson, n. 142, p.126 and Rubin, n. 7, pp.47-48
In the meanwhile nationalist sentiments in Iran had been greatly aroused following the appointment of a Committee of the "Majlis" in December 1950 to deal with the Anglo-Iranian oil negotiations. This Committee, headed by Mohammed Mossadeq, the leader of the leftist and ultra-nationalist United Front Party, however, had recommended for the rejection of the agreement as proposed by the British government. Further drastic steps had been undertaken in this regard when both the Majlis and the Senate had approved quickly a plan, as sponsored by Mossadeq, on 30 April 1951 to nationalize the Anglo-Iranian Oil Company. On the same day itself, Mossadeq had been invited by the Shah to become the next Prime Minister of Iran. 178

As for Mohammad Mossadeq, he was, undoubtedly, one of the most fascinating and unique personalities of the twentieth century Iranian politics. He had been born in a wealthy family during 1981, who had gone for higher studies to Switzerland, and had returned back to Iran in 1906 to serve as a civil servant in the field of education under a provincial government. But he had very soon become highly controversial by opposing the activities of Reza Shah and in the process had been banished from Tehran for some time. As an influential member of the Majlis, however, he had developed his concept of "negative equilibrium", according to which, Iran should not resort to a policy of "appeasement" of Great Powers by granting them "equal concessions". Instead, Mossadeq had argued that

178. For details Grayson, n. 142, p.126
the Great Powers "should be kept in dynamic balance by being kept at arms length". In course of time Mossadeq had acquired the status of an independent nationalist and that his National Front had attracted all kinds of assorted groups ranging from religious leaders to students and intellectuals, as well as numbers of the banned Tudeh Party. While many consider Mossadeq as an "honest nationalist", but in the American circles he had been regarded as too "radical". But according to the Shah, Mossadeq had mostly relied on the Communists who had formed themselves as "ladder" for his rise in Iran.

It may be mentioned that Mossadeq's behaviour rather than his political philosophy that had un-nerved many American diplomats. For instance, "in complete contrast to the traditional styles of a statesman Mossadeq had resorted frequently to giving vent to his emotions rather freely. His strategy had been well adapted to the requirements of period to sway a large crowd of Iranians who had never before been politically active. His charisma had carried strong impact on the urban Iranians.

179. For details see Rubin, n. 7, p.58
180. For details see Singh, n. 174, p.4
182. For details see Rubin, n. 7, pp.58-59
The installation of Mossadeq, however, had placed the American policy-makers in a rather difficult position. For instance, to provide political support to Mossadeq was likely to strain American ties with Great Britain and adversely affect the interests of US Oil Companies as well as Washington's relation with the more conservative pro-American groups in Iran. On the other hand, Mossadeq had been severely denounced by some elements within the Tudeh Party as an American "stooge". Faced with this controversial situation, the US government, however, had adopted a middle path by seeking to avoid involvement in the oil dispute while at the same time strongly urging both Great Britain and Iran to settle the issue amicably through peaceful negotiations. 183

As regards the eruption of the oil crisis, the whole issue had revolved around the agreement signed by the Anglo-Iranian Oil Company (AIOC) with Iran as far as back in 1933. The agreement had provided for large concessions to the AIOC which had been shaped largely by the prevailing world depressions during the period. While it had merely guaranteed a minimum return to Iran annually, it had, however, stipulated a relatively niggardly income in terms of payments during the period of rising oil prices as well. Quite naturally, therefore, the inflation that had followed on the wake of the Second World War had caused tremendous Iranian dissatisfaction with

183. For details see Grayson, n. 142, pp. 126-127
the 1933 AIOC agreement. This had eventually resulted in the rejection of the Soviet oil concessions in October 1947 as well as the demand for increased payments to Iran in July 1949. All these, however, had aroused strong nationalist sentiments in the country.  

As far as the US government was concerned, it had sought that the dispute be solved amicably in order to ensure Iran a steady and growing flow of funds to support its development programmes. At the same time there had been apprehension in American circles that a too favourable Iranian agreement might complicate the bargaining positions of US oil companies as they had been confronted with similar demands for increased revenues from the government of Saudi Arabia. After reviewing the situation carefully in late April 1950, the State Department, however, had concluded that there was considerable justification in the Iranian demands. Based on this assessment as well as responding to a request from Tehran that the US should employ its good offices to help bring forth an agreement which the Majlis was likely to ratify, the State Department had pressed on the British government in May 1950 to reach an understanding with Iran without further delay. Further, the State Department had taken three steps in a bid to resolve the oil crisis. Firstly it had appointed the US Ambassador to Greece, Henry Grady, an experienced American aid administrator as the

184. Ibid, p.123
185. For details see US Foreign Relations 1950 (Washington, D.C., 1973), vol. v, p.531
new ambassador to Iran. Secondly, it had sought to put increased pressures on the AIOC and the British government to become more responsive to the Iranian demands. Finally, the US had used its aid instrument as a leverage in successfully eliminating the disreputable Ali Mansur regime in 1950. Also, during the government under Ali Razmara, the US government had urged the British government in July 1950 to make some "face-saving concessions" to Iran, so that Razmara might be induced to present a draft agreement on oil concessions before the Majlis. All these, however, had not met with favour as far as Britain was concerned. A final development on the eve of AIOC nationalization had been the dramatic change in British attitude concerning revision of oil prices following turbulent discussion that had taken place in the Majlis Committee meetings. This had probably prompted the AIOC to revised the rigid stand it had taken earlier and to offer Iran a 50/50 profit distribution on the similar pattern of a recently concluded agreement between an American Oil Company and Saudi Arabia. But such a gesture could not materialize due to the sudden assassination of Razamara on 7 March 1951 as well as the strong tide of nationalist sentiments that had prevailed in the country. Infact, Iran was thereafter poised to enter into one of the most turbulent phases of Iranian history namely, the Mossadeq era.

186. For details see Rubin, n. 7, pp.46-47
187. For details see Grayson, n. 142, pp.124-126
188. For details see Rubin, n. 7, p.51
Following the nationalization, the US President Harry S. Truman had written to Prime Minister Mossadeq on 8 July 1951 urging him to accept a recommendation from the International Court of Justice (ICJ) which had proposed to maintain a temporary status quo on the issue. The President had further proposed to Mossadeq that ambassador W. Averell Harriman would be deputed as his personal representative for discussion on the matter with him. But as far as Mossadeq was concerned, he had decided to reject the ICJ's suggestions, while accepting the Harriman mission. In fact, Harriman had arrived in Tehran on 15 July 1951 and had successfully persuaded Mossadeq to hold discussions with a British mission to be headed by the Lord Privy Seal, Richard Stoke. The talks, however, had ended in utter failure as Iran had rejected a British proposal in August 1951 as supported by Harriman to accept a 50-50 division of the profits and to have the British technicians continuing to play the key role in a national oil company to be established by Iran. After this fiasco, the US government had decided to move closer to the British position as it had found great difficulty in negotiating with the volatile Mossadeq. 189

As for Mossadeq, he had in the meanwhile decided to visit the United States in early October 1951 to present the Iranian case before the United Nations. In fact, the

189. For details see Grayson, n. 142, pp. 127-128
Prime Minister had made an effective presentation at the Security Council, which had prompted the world body to reject the British complaint as well as to urge upon both the countries to resume negotiations on the issue. While the American government had voted in favour of the compromise resolution, it had, however, not displayed much enthusiasm with regard to the visit of Mossadeq to the United States. In effect, Mossadeq was less successful in his dealings with President Truman as well as other American officials.\(^{190}\)

In the meanwhile the US had appointed a new ambassador to Iran, Loy W. Henderson, who had been a distinguished career diplomat. Infact, Henderson had replaced Henry Grady in September 1951 to initiate a series of negotiations with Mossadeq which had eventually resulted in an agreement on 5 January 1952 under which the US had pledged to grant some $23 million in economic aid to Iran. Following this, a compromise plan had been proposed by the US Secretary of State, Dean Acheson in August 1952 under which America had pledged to provide $10 million in aid to Tehran as a prelude to Anglo-Iranian talks to determine the quantum of compensation to London for its oil properties in Iran. This proposal, however, had been rejected outright by the Mossadeq government.\(^{191}\) Following this development, however, the domestic situation in Iran had deteriorated as in July 1952 Mossadeq had made a demand on the Shah for granting him dictatorial powers for six

\(^{190}\) For details see Ibid., p.128

\(^{191}\) For details see Ibid., pp.128-129
months as well as to invest the war ministry, which would ensure him effective control over the armed forces. As the Shah had refused to accede to the demand, Mossadeq had decided to resign, which had resulted in several days of fierce pro-Mossadeq street riotings in late July 1952 causing death to more than two hundred and fifty lives. In the meanwhile, the new Prime Minister namely, Ahmad Qavam had been appointed by Shah once again to replace Mossadeq, who had utterly failed to deal with the domestic situation. This had forced the Iranian ruler to rescind his earlier decision and to invite Mossadeq once again back to function as the Prime Minister on 22 July 1952. Following this, Mossadeq had been firmly back in the saddle with all his demands made earlier having been fully met.192

Armed with these powers, Mossadeq had decided thereafter to break diplomatic relations with Great Britain on 27 October 1952. But undaunted by this Department as well as categorical rejection by Mossadeq to Dean Acheson's proposal as stated earlier. The Truman administration, had once again made one more desperate attempt to resolve the Anglo-Iranian controversy by initiating discussion on the issue between the US and Britain as well as between American ambassador Loy Henderson and Mossadeq, which however, had ended in a fiasco.193 Thus, all mediation efforts as attempted by the Truman administration for resolving the oil nationalization issue had failed to fructify.

192. For details see Rubin, n.7, pp.72-73
193. For details see Grayson, n.142