Standing on the crossroads of East-West interaction, Iran has always occupied an important place in international politics. In olden days when the great Iranian Empire held sway over a vast area of Central Asia and the Middle East, Iranian civilization had found flourishing in many parts of her neighboring countries. But with the decline of the empire after the middle of seventeenth century, Iran lost much of her ancient glory. However, her great civilization remained an important factor in shaping the civilization of people in the neighboring areas.

In medieval times, Iran once again rose to power. In particular under the rule of the Safavids, who were contemporaneous with the Mughals of India, she becomes an important factor in the politics of the Indian sub-continent and Middle East. But with the rise of Napoleon in Europe in the 18th century, Iran figured for the first time on the diplomatic map of the west. The first country in the west with which Iran established diplomatic relations was France. With the passage of time both France and England became increasingly interested in Iran in order to safeguard their imperialist interests. Great Britain knew well that any inroads made into Iran by a rival power was bound to endanger her position and paramountcy in India. France believed that if Indian colony was snatched away from the British, it naturally would lead to serious set back to the political and economic interests of Great Britain;
Hence the importance of Iran became more and more recognised. In the 19th century, European powers, Great Britain, France and Germany became exceedingly active in Iran. The country became gradually exposed to their influence and pressures. Towards the mid of 19th century, the Qajar rule of Iran established diplomatic relations culminating in cordiality. They were fascinated by the life styles of the French people and the educated Iranian marvelled at the democratic institutions of France. The English, well-known as a mercantile nation, landed in southern Iran and began their commercial activities accompanied by her political interests.

During the World War II, Iran's strategic position was soon realised by the Allies who made use of Iranian route for supplies to Russian front. This was a great event after the war, Iran, found herself faced with great political dilemma. She lay exposed before the Allies. The British and Americans began to woo her. Gradually Iran was dragged into military facts and found herself burdened by debts. At the same time, progressive forces in Iran receiving the blessings of the communists began to form their party and group threatening the regime and the monarchical system of Iran. The monarch finding himself very vulnerable sought the support of the Anglo-American states. Hence ensued the long drawn struggle between the monarchy and the republican.
A new phase in Iranian history began when the attempted dismissal of monarchical regime failed in 1953. This marked the beginning of a large scale U.S. influence and presence in that country and the Shah's surrender to the U.S. dictate. After his victory in 1953, the Shah built a system of personal control that characterized his rule until the late 1970s. He settled the oil dispute by signing a fifty-fifty profit-sharing agreement with a new consortium of European and U.S. oil companies. The Shah utilized the enhanced oil income and U.S. financial aid to strengthen his armed forces. In 1957, he established a new secret police, SAVAK, with the help of the C.I.A. and the Israeli intelligence network Mossad and the SAVAK gained international notoriety. The same year, the government outlawed the Iran party-Keystone of Musadliq's National Front, and replaced it by two parties, the official government Melliyin and the official Mardom. People diversely named them the "Yes" and "Yes", Sir parties.

To preempt the National Front's reformist programme, the Shah announced with great fanfare, a six point White Resolution (Engelab-e-Sefid) in 1962. But the clergy were not disposed to give him cooperation, so was the case with the progressive elements students and moderates. He let loose the engines of oppression.

After 1963, the Shah widened Iran's sphere of contacts and improved relations with the Soviet Union by visiting Moscow in 1965. This alarmed the U.S. and when the British decided to withdraw from the Persian Gulf Protectorate, the imperialist perception was that only Iran and Saudi Arabia could be made
responsible for regional security. The Shah asked the U.S. to provide him the sophisticated weaponry, and President Richard Nixon agreed during his Teheran visit of 1972. In this way began the disastrous process of arming Iran with modern weapons and deepening the internal crisis in that country.

Uncontrolled development and spending in all sectors and the government's inability to manage the oil windfall created dangerous economic imbalances and almost destroyed the delicate equilibrium of Iranian society. Growing economic inequalities widened social distances among classes as westernized and traditional cultures came into increasing conflict. Iran poured vast sums into military purchases. Iran's defence budget grew from 1.5 billion dollars in 1973 to 9.4 billion in 1977, and during the same agreements for over 12 billion dollars worth of military goods and services from the U.S. In a twentieth-century gold rush, hordes of foreigners came to Iran to work in various capacities, skilled and unskilled categories. The number of American 'technicians' and 'experts' increased from 15,000-16,000 in 1972 to 24,000 by 1976 and to 50,000 by 1979. The presence of hundreds of thousands of foreign nationals in Iran gave rise to serious social problems. Despite some achievements in industry, transport, and energy, the new wealth also meant that the Shah's contacts became feeble with religious feelings and emotions of Iranians. The people remained attached to the Islamic part of Iranian culture
and a facade of modernity over a conservative eastern
Islamic society was no solace to realistic thinking. Millions
of unemployed youth brought up in traditions of Islam in the
villages, moved to the cities in search of a livelihood and
were confronted with a pseudo-western culture within their
own country which ran opposite to their beliefs and perceptions.

In this study, an attempt has been made to analyse
various aspects of Iranian history during the period 1943-1980
Iran's foreign policy being the most important of all. It will
be seen that Iranian affairs are complicated and largely
intertwined that it is difficult to put things in a water-
tight compartment. Her foreign policy is an admixture of
alignment and non-alignment, equilibrium and oscillation. In
economic front Iran's main problem in 1970s was how to utilise
properly the oil windfall, and in the process she failed to
find out and act upon the right formula. The process of
democratization was neither seriously initiated nor did it
succeed. At the same time Iran succumbed to the capitalist
pressures and allowed her oil wealth to be misused. The
traditional policy of balancing the two super-powers in the
wake of growing discontent among the broad masses of Iranian
people was becoming more and more difficult. These matters and
their dimensions have been examined and analysed. Care has been
taken not to make a biased approach and only the facts made
available from the libraries and archives in different parts of the country have been stated and analysed.

No study of intricate affairs as those of contemporary Iran can be really satisfactory and without unavoidable discrepancies. Nevertheless, endeavours cannot be stopped for want of a fraction of further material when the subject matter is to be dealt with in its entirety. As an over-view one can say that Iran presents a unique pattern among the wealthy developing nations of the East with rich natural resources and manpower, yet going a step ahead only to slip back two steps. The study is intended to present a full picture of this peculiar phenomenon.