

Threatening Political and Economic Sovereignty: Britain and Russia in Iran in the Nineteenth Century

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The nineteenth century was an era of unprecedented colonial and imperial expansion, and the prime example of empire-building was Great Britain. Scattered over the globe, British colonial possessions were the pride of the nation, and an economic boon. To keep these colonies and the revenues they provided safe was of the utmost importance. The ‘jewel’ of the British Empire was undoubtedly the Indian subcontinent. To keep this gem safe, the British had to ensure that other empire-minded powers did not encroach on Indian borders, and thus made an effort to establish buffer states as protection. The lands of Iran (or Persia as it was then known) and Afghanistan,¹ on the western border of India, were of particular importance. But just as the British eyed Persia, so too did expansionist Imperial Russia. The Russians had pushed their borders down through the Caucasus to Iran’s frontiers, and also sought to establish a buffer zone to keep the British from clawing their way in. Both Britain and Russia constituted serious threats to Iranian political and economic sovereignty in the nineteenth century, but for most of the century neither power decisively gained the upper hand in influence; rather, the balance of power vacillated between the two imperialist states. However, it can be argued that over the course of the century, Russia was a greater threat than Britain to Iranian political and economic sovereignty.

The intruding powers came into Iran to protect their imperial interests, and while they did not formally colonize Iran, the country was eventually divided into three ‘spheres of influence’ – Russia in the north, Britain in the south, and in the centre, an area where neither power officially proclaimed influence – without

¹ [Editors’ Note: “Iran” is often used in this paper to refer to Persia, as this was how Goldberg-Poch’s professor commonly referred to the region.]

consulting Iran itself. As Shahbaz Shahnavaaz notes, “the latter part of Naser-ud-Din Shah’s reign showed evidence of increasing Russian influence and pressure in northern Persia, though it was rather commercial than military in its character. Britain too strove to increase its influence in the south. Therefore, in the final quarter of the nineteenth century, Iran was under the thumb of Russia in the north, while Britain held sway in the south.”² The oscillation of power can be, in part, attributed to the geographical disparity of the spheres of influence.

Iran was not a cohesive country in the nineteenth century. The land was divided along many lines, and tribal elements still ruled in their own areas. The tribes had long managed their own affairs, and during periods of centralization had given allegiance in the form of financial tribute rather than political loyalty. The tribes were traditionally difficult for a central government to control, particularly with Iran’s mountainous and arid terrain. Most of the tribes were pastoral nomads, and many of them were not ethnically Persian.³ The Qajar tribe, which rose to power in 1796, came to dominate the political scene of Iran for the next hundred or so years, and formed a government. Governmental rule was theoretically centralized, but in reality, provincial towns were at the heart of the administration of the country. As religious and administrative centres, they were the focus of culture, learning, and commercial relations, and, as such, were largely autonomous units that presented the central government with problems of order.⁴ The state lacked a strong military force, and without roads and railroads with which to reach the provinces, the Qajars were often forced to turn to less scrupulous means of ruling. Bribes, hostage-taking, encouraging factional fighting, and dividing oppositional forces were some of the strategies they used. The Qajars needed the support of these dispersed, unruly tribal groups; in order to keep the system sustainable, they needed supplies from Europe. They got more than they bargained for, however, and, because of the in-fighting in Iran, the outlying provinces were ripe for the plucking, and Britain and Russia came out for the harvest.

² Shahbaz Shanavaaz, *Britain and the Opening up of South-West Persia 1880-1914: A Study in Imperialism and Economic Dependence* (London and New York: RoutledgeCurzon, 2005), 9.

³ Nikki R. Keddie, *Modern Iran: Roots and Results of Revolution* (New Haven and London: Yale University Press, 2006), 24.

⁴ Vanessa Martin, *The Qajar Pact: Bargaining, Protest, and the State in Nineteenth-Century Persia* (London and New York: I.B. Tauris & Co. Ltd, 2005), 15.

Europeans had long been involved in Persia, but it was under the Qajars that their role increased greatly. While multiple European power players had interests in Persia, it was primarily Great Britain and Russia that came to dominate the scene, and threatened the political and economic sovereignty of Iran. In the late 1700s and early 1800s Persia had been relatively prosperous and secure, but the ambitions of Imperial Russia began to change that. Russia had already expanded into the Caucasus, and was looking to push down to the Persian Gulf for access to warm-water ports.⁵ Britain, meanwhile, was establishing a presence in the south of Iran, which bordered on the jewel of her empire: the British raj in India. In the 1760s the British had been granted the right to establish a consulate in Bushire, along the coast of the Gulf, and this British Residency came to have great impacts on the sovereignty of Iran. Sandwiched diplomatically between the empires of Britain and Russia, Iran became a buffer state, and would probably have become colonized had Iranian leaders not so wisely played the two superpowers off each other in what came to be known as “The Great Game.”

Early in the 1800s, Russia began to have significant political and economic influence in Iran. Russia’s expansionist tendencies brought the empire into contact with Iran’s northern borders. After years of pressuring the Caucasus and the Caspian Sea region, Russia established a satellite zone in Georgia, and annexed the territory in 1801.⁶ The Russians were eager to provoke an expansionist war, and invaded the Persian vassal state of Ganjeh in 1803.⁷ Persia, refusing to accept the loss of the land it had ruled for centuries, accordingly waged war against the Russian Empire in 1804, encouraged by the British. As the Napoleonic wars dragged on in Europe, the Russo-Persian war was similarly prolonged. Russia, although it had superior forces and weaponry, was operating in unfamiliar, hostile terrain; while the Iranians – who had the advantage of mobility – were short of funds. Iranian and Russian alliances with France and Britain shifted numerous times throughout the course of the war, in response to many of Napoleon’s actions. In the end, the British stepped in to

⁵ Martin, *Qajar Pact*, 22.

⁶ Firuz Kazemzadeh, *Britain and Russia in Persia: A Study in Imperialism* (New Haven and London: Yale University Press, 1968), 5.

⁷ Laurence Kelly, *Diplomacy and Murder in Tehran: Alexander Griboyedov and Imperial Russia’s Mission to the Shah of Persia* (London and New York: I.B. Tauris & Co. Ltd, 2002), 48.

negotiate the terms of peace, after becoming Russia's ally in 1812 in light of Napoleon's invasion of Russia.⁸ The resulting Treaty of Gulistan redrew the borders of the countries, and Persia recognized Russian sovereignty over the Caucasus and the disputed region of Georgia. The treaty was "humiliating" to Persia, and the vagueness of the new borders would later cause problems between the two countries.⁹ Gulistan also established Russia's exclusive rights to have warships on the Caspian Sea, and guaranteed the Russian Czar's support for the crown prince in Iran. This gave Russia a new power in determining the future ruler of Iran since a new crown prince was always readily available for substitution if it was deemed necessary.¹⁰

While hostilities remained between Iran and Russia, the war had accomplished a number of things relating to Russia's power in Iran. It had interrupted British trade routes from India, taking away many commercial advantages the British had formerly enjoyed. It had also, with the annexation of Georgia and the establishment of a direct route to Iran, opened up new trade opportunities. The balance of profit from this new trade was heavily on the Russian side.¹¹ Ever-increasing trade between the two nations characterized the entirety of the nineteenth century, and the profit remained firmly, inexorably, on the Russian side. Russia's powerful hold on trade in northern Iran compromised Iran's economic autonomy in that area.

The occidental powers, Russia included, were used to breaking treaties on a whim, switching allies and utterly confusing Iranian politicians. As tensions over the unclear borders continued for years, the most vocal *'ulema* (Islamic Quranic scholars) pressured the government to embark on a *jihad* against Russia. In 1826, Fath Ali Shah did just this. However, the Iranian forces were soundly defeated by the Russians, and the Treaty of Turkomanchai was signed. If the Treaty of Gulistan had seemed humiliating to Persia, it was nothing compared to Turkomanchai. The new treaty ceded even more territory to Russia, demanded a cash indemnity to pay for the war, cemented favourable tariff concessions and extraterritoriality for Russian citizens, and granted to Russia the exclusive rights

⁸ Kelly, *Diplomacy and Murder*, 48.

⁹ *Ibid.*, 49.

¹⁰ Abbas Amanat, *Pivot of the Universe: Nasir al-Din Shah and the Iranian Monarchy* (Berkeley and Los Angeles: University of California Press, 1997), 21.

¹¹ Kelly, *Diplomacy and Murder*, 75.

to trade and navigation on the Caspian.¹² Effectively, this treaty put Russia in a position to exercise considerable political and economic sway over Persia.

In 1834, Muhammad Shah came to the Qajar throne. He was determined to compensate for the losses to Russia under his predecessor, and set out to take control of Herat from Afghanistan. However, the Shah's ambitions collided with those of Britain, which sought to ensure that Russia did not acquire influence over Afghanistan. A Russian presence in Afghanistan – which could result from an Iranian presence there – would allow the empire to threaten British India; under the Treaty of Turkomanchai the Russians would be entitled to place agents in Herat if it were transferred permanently to Persia.¹³ The Iranian forces, ostensibly fighting against the Afghans (but really combating the British), lost the war, which lasted from 1838 until 1841.¹⁴ Both Britain and Russia by this time had concluded that Persia as a 'sovereign' state must be maintained for the good of both empires. Neither side was willing to grant an inch to the other, and therefore felt the need to maintain Iran as a buffer. However, it was felt in Britain that should Russia deem it prudent, it would have no qualms about breaking its treaties and would respect only military force as a limiting factor on its ambitions. This indicated, then, at least from a British point of view, that Russia was a potential threat to the autonomy of Iran.¹⁵

Traditional western historiography paints Britain as the chief imperial aggressor of the nineteenth century, and indeed much more scholarly attention has been given to Britain than to any other country, but that claim can be contested in the case of Iran. In most places, specifically Africa and the Indian subcontinent, the characterization of Britain as the premier imperialist is undeniably true, but the situation in Iran was exceptional. While Britain undoubtedly posed a serious threat to Iranian political and economic sovereignty, it was Russia that constituted the greater threat in the long run. As Abbas Amanat notes so eloquently,

¹² Kelly, *Diplomacy and Murder*, 75.

¹³ Kazemzadeh, *Russia and Britain*, 69.

¹⁴ Martin, *Qajar Pact*, 22.

¹⁵ David McLean, *Britain and her Buffer State: The Collapse of the Persian Empire, 1890-1914* (London: Royal Historical Society, 1979), 15.

There have been few events in the history of nineteenth-century Iran which could match the two rounds of Russo-Persian wars of 1805-1813 and 1826-1828 in their immediate impact and long-term socio-political consequences. Iran's first serious encounter with a powerful Christian neighbor not only resulted in the loss of all prosperous Caucasian provinces but also in economic bankruptcy, precipitated by military spending and war reparations. But still greater losses were in the political realm. Defeat in war cast an unhealthy shadow over the legitimacy of the Qajar monarchy and its claim to be the true defender of the Guarded Domain of Iran, a shadow from under which the ruling house never fully escaped.¹⁶

Because Russia was becoming so powerful in Iran, the Persian government developed a policy whereby appeasement was the principle objective. However, this 'appeasement' is not to be mistaken for complacency; rather, Iran knew itself to be in a militarily weak position and strove to keep the peace by provoking neither Russia nor Britain.¹⁷ This policy was entirely in line with British and Russian interests. The desire of each state to forestall the other from making advances in Iran depended upon Iran's formal independence. However, this independence was purely formal, and "Iran did not dare take a step that might seriously displease Britain or Russia unless it had very strong support from the other country."¹⁸ There are many records in diplomatic files from the nineteenth century showing that Britain and Russia meddled in affairs that should have been dealt with by Iran, free of external interference.¹⁹

Politically, Russia held more sway over the government than did Britain due simply to the geographical placement of the capital, Tehran. Although Iran was not officially divided into "Spheres of Influence" until the Anglo-Russian agreement of 1907, Tehran lay in the unofficial (northern) sphere of the Russians prior to formal division. David McLean emphasizes this geographical control as but one of Russia's modes of influence, noting that

¹⁶ Abbas Amanat, "Russian Intrusion into the Guarded Domain: Reflections of a Qajar Statesman on European Expansion," *Journal of the American Oriental Society* 113, no. 1 (1993): 35.

¹⁷ Firoozeh Kashani-Sabet, "The Diminishing Domains of Qajar Iran," *International Journal of Middle East Studies* 29, no. 2 (1997): 212.

¹⁸ Keddie, *Modern Iran*, 34.

¹⁹ *Ibid.*

Russian diplomacy was all the stronger for the threat which could be substantiated. By comparison the British could threaten to seize a few ports or islands in the Gulf but, unlike his Russian counterpart, the British Minister at Tehran was never in a position to intimate the possibility of action inland. Yet Russian diplomacy did not rest solely on the menace of military intervention. The Russian legation exercised considerable pressure on officials in the Persian government by bribery and by support, and Russian consuls and political agents in the provinces often managed the local governors by similar methods... Russia's influence in court circles at Tehran led the British Chargé d'affaires to accuse the Persian government of being the paid servants of Russia and of caring for nothing but taking the bribes which were so lavishly offered.²⁰

Even Britain had to reckon with Russia's dominance over Tehran. "When British officials debated policy, or when they took such steps as they thought necessary to protect British interest in the south of Persia, they did so with the knowledge that Russia, not Britain, was the dominant force at Tehran."²¹ Russia's fortuitous geographical proximity to the capital city indeed offered many political advantages; less so for the luckless Iranians caught between two giants. McLean goes on to reiterate the rationale behind Russia's stranglehold on the Persian government: "Russian tactics were to keep the existing regime in power but to reduce the reigning sovereign to a state of complete dependence on Russian troops and Russian money for his throne."²²

Bribery was a common tactic of the Russian Empire in achieving political aims, but legitimate financial transactions were also a means by which Russia confirmed its hold over the Persian government. Severe political conditions were attached to loans, and furthermore, Persian officials managed to get large cuts from these legitimate loans, thereby creating a link between the benefitting official and Russia. "Financing the central government was part of Russia's policy to establish a 'veiled protectorate' in Persia." Russia could

²⁰ McLean, *Britain and her Buffer State*, 16-17.

²¹ *Ibid*, 18.

²² *Ibid*, 16.

subjugate Persia both commercially and financially, and attempted to establish a monopoly in financial aid.²³

Russia dominated the political and economic scene in Iran for the first part of the nineteenth century, but Britain soon began to become competitive, particularly in the economic sphere. As Iran opened up to European markets, foreign firms flocked to the country, especially into the rapidly expanding capital of Tehran. The growth in foreign firms caused socio-economic disturbances on more than one level. Iranian merchants found their shares in the market falling as the cash-hungry government started handing out monopolies to foreign investors.²⁴ At this game, the British were far more accomplished than the Russians, and therefore began to represent a threat to Iran's autonomy almost on par with Russia.

The granting of economic concessions was one of the major components of Iran's foreign economic policy in the nineteenth century. Beginning under the reign of Nasir al-Din Shah (r. 1848-1896), and continuing under his son Muzaffar al-Din Shah (r. 1896-1907), the policy of granting concessions proved to be hugely damaging to Iran's political and economic sovereignty.²⁵ While the policy was detrimental to sovereignty, it was beneficial in two ways: it gave the government much-needed cash and spurred the modernizing of Persia. The first major concession was granted to Great Britain in 1863, namely, the concession for the establishment of a cross-land telegraph line. The success of this concession encouraged the Shah to continue looking for rich private investors, and he decided to place "into the hands of a single man the entire responsibility for Iran's economic and industrial development."²⁶ This man was an Englishman, Baron Julius de Reuter, who was given, for a period of seventy years, the exclusive rights to construct all railways, dams, and canals in Iran, to regulate rivers, and to exploit all mines, except gold and silver mines. He was also promised priority for future concessions. Of course, this enormous concession to a British baron infuriated the Russians, who protested adamantly against the concession. It was a mark of Russian hegemony over the

²³ Ibid., 17-18.

²⁴ Martin, *Qajar Pact*, 24.

²⁵ Rouhollah K. Ramazani, *The Foreign Policy of Iran, 1500-1941* (Charlottesville: University of Virginia Press, 1966), 66.

²⁶ Ramazani, *Foreign Policy*, 66.

political and economic scene in Iran when the concession was cancelled in 1873, although other factors such as public opposition were also very influential in the decision.²⁷ A series of minor concessions were granted to both countries over the subsequent years, and the next important one came in 1888, when Britain was granted the right to establish a regular commercial route on the Karun River. The British also inquired into the possibility of building a railroad to accompany the river route, but this set the Russians on their guard. Russia began an obstructive railway policy, which continued successfully until the First World War. In 1889, Nasir al-Din Shah promised Russia that Iran would not grant a railway concession to any other state.²⁸

Russia was in the midst of regaining prestige from the British when de Reuter reappeared on the scene. In 1889, de Reuter was granted the concession for the establishment of the Imperial Bank of Persia. This proved to be a hugely successful financial venture. The Imperial Bank “had the exclusive right of note issue in Iran, and offered loans at a lower rate of interest. Since it was linked to a long-term capital market, it could offer greater security for deposits.”²⁹ While this was a sweeping victory for Britain on the economic front, yet another of their potential concessions would come to ruin in the face of popular opposition. The Tobacco Protests of 1891-1892 reversed the granting of all tobacco sale rights to one Major G. Talbot.³⁰ The popular revolt demonstrated that the people still held sway over Britain’s political position, affirming Britain’s imperfect hold over Iranian economic and political sovereignty.

Russia, never far behind the British, and in some ways miles ahead of them, established the Banque d’Escompte de Perse in 1891, a branch of the Russian Ministry of Finance and a part of the Central Bank of Russia. This bank was linked to Russia in a way that de Reuter’s bank was not tied to British state control, and the bank was consciously used as a powerful instrument of Russian policy in Iran.³¹

Thus, at the turn of the century, Russia seemed to be back on the ascent, with Britain merely in a holding pattern. Both presented a significant threat to

²⁷ Ramazani, *Foreign Policy*, 66.

²⁸ *Ibid.*, 68.

²⁹ Martin, *Qajar Pact*, 24-25.

³⁰ Ramazani, *Foreign Policy*, 69.

³¹ *Ibid.*, 70.

Iranian political and economic sovereignty, and would continue to do so well into the twentieth century. However, Russia's position as the greater threat to Iran's autonomy would soon be usurped by the British with the D'Arcy Oil Concession in 1901. In May 1908, prospectors discovered oil, and the Anglo-Persian Oil Company (still alive today under the name of British Petroleum) was founded.³²

By this time, Russia was no longer the greatest threat to the economic and political sovereignty of Iran. The prestige of Russia had been severely weakened with its defeat in the Russo-Japanese War of 1904-1905. When czarist Russia fell to Japan, it was the first time an Asian power had defeated a western power. Russia, the only Western power without a constitution, had fallen to the only constitutional Asian power. This, in the eyes of the Iranians, indicated a sort of power in the existence of a constitution. So, it was Russia that indirectly spurred the constitutional revolution in Iran in 1905/06. The public began to push for the creation of a constitution, and eventually it got what it wanted. The document resulting from the 1905/1906 constitutional revolution was based on a western-type government constitution: specifically, that of Belgium.

Russia realized its weakened position, and, instead of continuing to compete with Britain for dominance in Iran, the two countries decided to formally divide Iran into disparate spheres of influence. On 31 August 1907, the Anglo-Russian Entente was signed, dividing Iran into three spheres. Russia got northern and central Iran, including Tehran and Isfahan; Great Britain took the southeast; and the central area between the two was left as a neutral zone. Iran was neither consulted on the agreement nor formally notified of its terms when it signed.³³

"Unkind fate placed Persia between the Russian hammer and the British anvil. The struggle of the two giant empires, whether for Constantinople, Central Asia, or the Far East, were instantly reflected and echoed at Tehran. Through the two decades of Russia's uninterrupted advance in Turkestan and Transcaspia, Persia felt the pressure from both St Petersburg and London."³⁴ Both Britain and Russia constituted serious threats to Iranian political and

³² Vanessa Martin, *Anglo-Iranian Relations since 1800* (London and New York: Routledge, 2005), 128.

³³ Keddie, *Modern Iran*, 70.

³⁴ Kazemzadeh, *Britain and Russia*, 148.

economic sovereignty in the nineteenth century. As Abbas Amanat observes, Iran's political vulnerability from the instability after the Safavid period was a factor in the country's political and economic subjugation to the European powers. Britain and Russia were "highly influential in the political, economic, and sociocultural making of modern Iran, [because they] came into wider contact with Iran when it was about to recover from the political malaise and isolation of earlier decades."³⁵ Russia began the century as the more influential of the two powers, but Britain made inroads in the mid to late century. The balance of power vacillated over the course of the century between the two imperialists, and while Britain ultimately dominated in later times, over the course of the 1800s, Russia was a greater threat than Britain to Iranian political and economic sovereignty. Russia ruled in the earlier days, and, after overcoming a period of challenge from the British, began to come out on top at the close of the 1800s. Everything changed in the early twentieth century with the discovery of oil, the Russo-Japanese War, the Iranian Constitutional Revolution, and the First World War. In Iran, Britain came to be dominant; Russia, although it still held sway, would become less and less important in the power politics of Iran.

³⁵ Amanat, *Pivot of the Universe*, 15.