PART 1

When Americans Fought For Iran’s Sovereignty

by Dean Andromidas

In the city of Tabriz in northern Iran, lies the tomb of a young American missionary teacher who died 100 ago, on April 19, 1909. If one visits this tomb, even today, one might find fresh yellow roses placed before it, for the young man, whose name was Howard Baskerville, died the death of a martyr at the age of 24, and is revered by many in Iran as the American who gave his life for an Iranian revolution known as the Persian Constitutional Revolution. When announcing to his American colleagues his decision to join that revolution, he said that Persia’s struggle was his. “I am Persia’s.”

The narrative of American-Iranian relations has been dominated by the overthrow of a prime minister and a hostage crisis. This article will tell a very different story that takes place a century ago. It will deal with Americans whose names do not appear in the history books of their own country, but are very well known in the history of Iran. These men worked in the tradition of John Quincy Adams. They saw Iran’s struggle as they knew their own: as one between Empire and a national sovereignty that protects their inalienable rights, or, as John Quincy Adam’s once wrote, a contest between “inveterate power and emerging right.”

They brought to their engagement with Iran the spirit of a foreign policy best defined by Adams in a speech on Independence Day, July 4, 1821: “Wherever the standard of freedom and independence has been or shall be unfurled, there will her heart, her benedictions, and her prayers be. But she goes not abroad in search of monsters to destroy. She is the well-wisher to the freedom and the independence of all. She is the champion and vindicator only of her own. She will recommend the general cause, by the countenance of her voice, and the benignant sympathy of her example…. Her glory is not dominion, but liberty. Her march is the march of mind. She has a spear and a shield; but the motto upon her shield is Freedom, Independence, Peace…."

This report will deal with an American advisory mission, led by a young financial-economic expert, William Morgan Shuster, who, at the request of the Iranian government to the United States government, arrived in Iran in 1911 to reorganize the financial administration of the country. While the goal seemed to be the relatively straightforward task of modernizing a backward and underdeveloped country, the team found itself, along with the Iranian people, confronted with the fury of two mighty empires determined to ruthlessly sabotage its efforts, and to crush Iran’s sovereignty and any hope for its progressive economic development.

This story elucidates the historic determination of the Anglo-Dutch oligarchy to deploy all its power to crush any effort by the United States to engage the nations of Eurasia with a foreign policy premised on principles defined by John Quincy Adams.

It also underlines the tragic fact that the U.S. lack of productive relations, for the past three decades, with
one of the most important nations on the Eurasian landmass, has been a failing that only serves the design of the British Empire. Moreover, denying the United States and Iran mutually beneficial relations is key to the empire’s ability to keep all of Eurasia in its thrall. This author believes that, in the person of Shuster, one finds a role model for the policymaker who is concerned with engaging Iran.

This report is in two parts. Part 1, the main narrative, confines itself primarily to events in Iran. After a short elucidation of the relevant history prior to the arrival of the Shuster mission, it deals with mission itself. The principal sources are Shuster’s memoir of his eight months in Iran, The Strangling of Persia,¹ and official documents as well as newspaper reports of the time. Part 2, which will appear in a forthcoming issue of EIR, deals with the Triple Entente and, particularly, the Anglo-Russian Agreement. An understanding of the strategic impact of this British-orchestrated policy which ultimately led to the First World War, is essential to understand the determination of the British to crush Iranian constitutionalism in general, and the Shuster Mission in particular. Shuster, who wrote his memoir in 1912, was fully aware of the mission’s significance.

Iran Between Empires

In the Uffizi Gallery in Florence there hangs a portrait of Ismail I, the founder of Iran’s Safavid dynasty. Painted by a follower of the noted Venetian artist Gentile Bellini, it attests to the influence the Venetian Empire, the mentor of the British Empire, had on the Safavid court. Established in 1501, the Safavid dynasty was patronized by the Venetians as a counter to their principal rival, the Ottoman Empire. Having its origins in the Safaviya Sufi order, the Safavid regime combined a group of Azari clans and Shi’a clergy, that transformed Persia from a predominantly Sunni Muslim country into the largest Shi’a nation in the region. Here, the Shah, through a powerful army, held sway over the State, while the clergy, through the administration of Sharia law, held sway over the people.

It has been suggested that Venice had a hand in the creation of this dynasty, in an effort to create a powerful state on the flank of the Ottoman Empire. Whether that is true or not, certainly a powerful Shi’a state served Venice’s geopolitical purpose. The fact that it was of the

Shi’a branch of Islam, detested as a heresy by all Sunnis, assured that it would never ally against Venice with the Sunni Ottoman Empire. Thus we have the foundation of the British Empire’s creation of the Arab-Iranian rift, which was the basis for the British inspiration of the Iran-Iraq War (1980-88), at a point that the Islamic Republic was being formed in Iran amidst bloody intrigue. This process created a strategic fear of the Arab world within Iran.

The English themselves became involved in Iran, at the same time as Venice. In 1550, the English created the Muscovy Company, which, by the end of that century, was busy with an effort to trade with Persia, through Russia via the Volga and the Baltic, in an attempt to outflank the piracy of the Spanish, Venetians, Portuguese, French, and Dutch.

With the decline of the Safavid Empire by the end of the 18th Century, Iran became a pawn in the Great Game between the powerful Russian Empire to its north, and the British Empire, with its domains in India, to its east.

After a lapse of almost two centuries of intermittent interest in exploiting Persia, in the middle of the 19th Century, the threat of the Russian Empire’s expansion deep into Central Asia was seen by the British as a menace to their Indian colonies. The British then took a very serious interest in the geopolitical importance of Iran. Like Afghanistan, Iran was seen as a buffer state between British India and the Russian Empire. London launched its first war against Iran in 1856, on the pretext of forcing it out of the traditionally Persian-held city of Herat in Afghanistan. This was done through military occupation of the Persian city of Bushehr, on the Persian Gulf. Even after the peace agreement, the British remained in Bushehr, which became the main entry point of British goods into the country. To protect their economic interests, they eventually organized their own military regiment, the Persian Rifles.

In the 19th Century, the British convinced the Shahs of Persia to finance a royal lifestyle for themselves by selling the natural riches of their country. In 1872, Baron Julius de Reuter, a British subject, received a concession for a mere £40,000, giving him monopoly rights to all railways, tramways, mining concessions, construction of irrigation and waterworks, and exploitation of state forests for 70 years, as well as a 25-year monopoly over Persian Customs and first option on a concession for providing public utilities.

Even the imperialist predator Lord Curzon wrote that it was “the most complete and extraordinary surrender of the entire industrial resources of a Kingdom into foreign hands that has probably ever been dreamed of, much less accomplished, in history.”

Despite being appointed a Knight of the Order of the Garter by Queen Victoria, while on a visit to London in 1873, the Shah had to cancel the concession, because of both Russian and local popular opposition. Nonetheless, by 1889, he was able to award Reuter a banking concession, which led to the founding of the Imperial Bank of Persia, backed by a Royal Charter from Her Majesty’s government. The bank was given the right to print Persian currency.

Reuter was followed by another British subject in 1901, William Knox D’Arcy, who was given an oil concession that covered the entire land area of Persia, exclusive of the five Russian-dominated northern provinces. This became the Anglo-Persian Oil Company, founded in 1908; in 1913, with the aid of First Lord of the Admiralty Winston Churchill, Her Majesty’s government took over the controlling interests.

Thus were born the two corporations which were central to British control of Iran for over half a century, until Prime Minister Mohammad Mossadegh nationalized them in 1951.

The only modern bank in the land, the Imperial Bank of Persia, penetrated the commercial life of the country, especially its merchant class, while Anglo-Persian oil dominated the southern region, where it cultivated ties with all the local tribes. The most important tribe was the powerful Bakhtiaris, for which the British created the Bakhtiari Oil Company, in order to conduit 2% of the profits to the tribal leaders.

The Bear to the North

Since the time of Peter the Great (1672-1725), the Russian Empire pushed south, seizing Persian territory in the Caucasus and Azerbaijan, and commercially penetrating the northern Caspian Sea provinces of Iran. It established its own bank, the Banque d’Escompte (the Loan and Discount Bank), a subsidiary of the State Bank of St. Petersburg, while winning a concession to build a highway between Jolfa and Tehran, for the further commercial penetration of the north of Persia. While the British had their Persian Rifles, the Russians established the Cossack Brigade, which formed the Shah’s Royal Guard and had all Russian officers (the soldiers were Persians). It was from this Brigade that Reza Khan began his career as a private soldier, later founding the Pahlavi Dynasty in 1927, under British patronage.

By the end of the 19th Century, Russia and Great Britain were the exclusive creditors of the Persian government. The loans they gave were never extended to actually build anything, but only to partially fill the normally empty Persian Treasury; much of the money went not only to pay for the royal lifestyles of the Shah and the grandees of the court, many of whom were in the pay of the British or the Russians or both, but also for the Russian officers who commanded the Cossack Brigade and the foreign advisors placed in the Persian government by Russia or Great Britain. While the purpose of the loans was never tied to anything useful, their repayment was always very specific, usually tied to an import tariff; as soon as this tariff was collected, upon entry of the goods onto Iranian soil, it was deposited at the Imperial Bank of Persia or the Banque d’Escompte, depending whether entry was in the British sphere of influence in the South or the Russian sphere in the North. The head of the Persian Customs House, who also controlled the accounts at the respective banks, was always a European from one of the “lesser powers”—usually Belgium—who not only assured payment of the Russian and British debt, but was able to steal enough for himself so he could retire in comfort.

The Americans Amid the Imperialists

By the time the United States arrived on the scene, Russia and Britain had all but established their respective spheres of influence.

An Iranian attempt to establish relations with the United States was initiated by Mirza Taqi Khan Amir-Nezam, Prime Minister to Nasir al-Din Shah Qajar in 1856. Also known as Amir Kabir, he was perhaps the most important statesman in Iran’s history. He founded the Dar al-Funun, Iran’s own version of France’s Ecole Polytechnique.

But it wasn’t until 1883 that the first American minister arrived in Tehran, Samuel Greene Wheeler Benjamin. Born in Greece, the son of missionaries, Benjamin was an artist, journalist, poet, and diplomat. In his book Persia and the Persians, Benjamin wrote that the major “obstacle to the progress of Persia is the continuous rivalry between England and Russia, and the active interference of the latter with every movement which tends to elevate Persia.” Benjamin details how, through a combination of force and bribery, Russia sought to absorb Iran into its empire, while the British schemed to keep Russia at bay from its Indian empire—all at the

expense of Iran’s sovereignty. “If one were asked whether the Persians in their hearts favor either side,” he wrote, “beyond a readiness to accept their bribes, I should emphatically reply that they cordially hate both England and Russia, and would give glory to God if both could be abolished from the earth…”

For Benjamin, time was on the side of Iran, for what any “power proposing to absorb Persia must take into her calculations, is the fact of the wonderful national vitality of that country. In this respect the Persians resemble the French. What European nation besides France would be in her present prosperous condition after the convulsions and calamities she has undergone within the past century? Not once, but many times has Persia likewise been overrun and apparently subdued. But after each conquest she has thrown off her chains and arisen with renewed vigor and splendor.”

As for Russia, looking two decades into the future, Benjamin wrote, she will always endeavor to dominate Persia, “until her internal needs and revolutions inevitably demand all her attention, and force her to give her undivided energies to the adjustment and regulation of affairs at home.”

Concerning the British Empire in India, Benjamin wrote: “it has now become a question, how much longer she can preserve her dominion over that vast empire inhabited by a brave and intelligent people, who under the rule of England are learning to wield the weapons that will in turn expel her from India. One secret of England’s success in that quarter has been the difference of race and religion, which exists in the seething population between the Himalayas and Cape Comorin. Once let the hate and rivalry which exist between Mahometans, Buddhists, and Hindus be laid aside, and one of the greatest safeguards of the British dominion would give place to an insurmountable peril.”

In conclusion, Benjamin wrote, “While Americans, as citizens of a nation on friendly terms with both powers, wish for Russia all true prosperity, they as earnestly desire that such prosperity may not be at the expense of the peace and life of a country with so grand a history as Persia.”

One of Benjamin’s successors, E. Spenser Pratt, on Jan. 10, 1888, sent a dispatch to Secretary of State Thomas F. Bayard reporting on his meeting with Persia’s new minister of finance, of the interior, and the Court, Emin e Soultan, in which the latter expressed in very strong terms “the desire to see the establishment here of American commercial and industrial enterprises.” While Persia had invited Europeans to help develop its “immense natural resources,” he explained, they “had merely sought their own advantage without doing anything in return either for the benefit of the country or the people.” Emin e Soultan went on to say that the United States was a nation that had “so nobly taken the lead in the march of civilization” and the “Shah and his Government now looked to my friendly efforts . . . to initiate a move which would result in bringing about more intimate commercial relations between the two countries and open the way to Persia’s industrial regeneration through American agency.”

By June, in furthering this effort, Persia named Hadji Hossein Kouli Khan Motamed Vasare as the envoy extraordinary and minister plenipotentiary of Persia to the United States.

The United States had no great strategic or commercial interests to draw it to Persia, and therefore, the hoped-for “intimate” commercial relations did not materialize. Nonetheless, a good deal of American Christian missionary activity did take place in Persia as early as 1834. The main impact was not the spread of Christianity, but the spread of education, and, by the end of the 19th Century, dozens of missionary schools had been established. But even this activity by Americans left the British uneasy. Therefore, British missionaries, on the pretext of not wanting a “wasteful” duplication of effort by U.S. and British missionaries, came to an agreement with their U.S. counterparts to concentrate their activity in the North, in the “Russian” sphere, and outside the “British” sphere.
Prelude to Revolution

In 1890, Nasir al-Din Shah granted a tobacco concession to the Imperial Tobacco Company of Great Britain, giving it exclusive rights to process, sell, and export all of Iran’s large tobacco production. Thus, an industry, which supported the livelihood of millions, was given over to a British private company.

In 1891, when the first company agents arrived to start purchasing the tobacco, they were met by mass protests, including the closing down of bazaars in all the major cities, and, in December 1891, Grand Ayatollah Mirza Shirazi issued a fatwa against smoking, which was universally adhered to. Even the Shah’s harem refrained from smoking, and it was reputed that the Shah’s wives refused to fill his pipe. By January, the Shah cancelled the concession, and the people won their first battle against the sellout of their country. But so weak was the Persian government, that Britain forced the government to pay an indemnity of £500,000, which was borrowed by the Persian government at 6% annual interest.

On May 1, 1896, after a reign of almost five decades, Nasir al-Din Shah was assassinated by a fanatic named Mirza Muhammad Riza. As Shuster writes in his The Strangling of Persia, although no motive was given, “it was not unconnected with the general belief that the rights of Persia were being rapidly sold out to foreigners.”

On June 8, 1896, Muzaffaru’d-Din Shah ascended the throne. His reign was no less profligate with the resources of Persia than that of his father, and by July 1906, in the shadow of a weakened Russia, itself in the throes of revolution, popular agitation began demanding the granting of a constitution. The most dramatic manifestation of this took place when 14,000 men, organized by the mullahs, took sanctuary in the British Legation compound. Followed by the closing of the bazaars and other relatively peaceful demonstrations, the 14,000 refused to leave the British compound until the Shah had granted them a constitution, to be guaranteed by the British authorities.

On Aug. 12, 1906, Richmond Pearson, the American minister in Tehran, wrote to Secretary of State Elihu Root that a “popular agitation, similar to that in Russia, demanding constitutional reforms but less violent, has triumphed in Persia. . . . Shah yielded and conceded constitutional forms of government, including national legislative forms of government, including national legislative assembly, elective assembly, new methods and new era. The 14,000 refugees encamped in the British government grounds returned to their homes and hundreds of political exiles have been recalled with honor and received with illuminations to praise manifestation and popular rejoicing. . . .”

Ten days later, Pearson sent a copy of the Shah’s decree to Washington, with a report on the situation. After listing the reasons why his colleagues—the ministers of other countries—think that the revolution will fail, due to the level of poverty and illiteracy, the lack of a middle class, the fact that a constitutional government had never been formed in a Muslim country, etc., nonetheless, he wrote, “it is certain that a committee of eight, appointed by the revolutionary leaders, is now actively at work on a constitution, a novel and difficult undertaking in the ancient Kingdom of Iran, which since the time of Ahasuerus, has patiently supported a score of dynasties without once attempting to divide or to ques-
tion the rights of the governing monarch.

“The further development of this struggle will naturally attract the interests and sympathy of the friends of liberty throughout the world.”

The Triple Entente

While the Iranian people were taking their first steps toward self-government, Britain’s King Edward VII was setting alliances into motion that would lead to world war. These alliances—the Entente Cordiale between Great Britain and France, and the Anglo-Russian Convention—are known collectively as the Triple Entente, and were intended to encircle Germany.

The Anglo-Russian Convention, signed Aug. 31, 1907, was an Entente sealed with the blood of Iran. Its formal purpose was to demarcate the boundaries of the two empires, which dominated the entire Eurasian landmass. It dealt specifically with Afghanistan, Tibet, and Persia; the last was accorded the status of a buffer state, but in reality it was to become a protectorate, administered as a condominium between the two empires through the creation of “spheres of influence.”

This piece of historic imperial sophistry stated:

“The Governments of Great Britain and Russia having mutually engaged to respect the integrity and independence of Persia, and sincerely desiring the preservation of order throughout that country and its peaceful development, as well as the permanent establishment of equal advantages for the trade and industry of all other nations;

“Considering that each of them has, for geographical and economic reasons, a special interest in the maintenance of peace and order in certain Provinces of Persia adjoining, or in the neighborhood of, the Russian frontier on the one hand, and the frontiers of Afghanistan and Baluchistan on the other hand; and being desirous of avoiding all cause of conflict between their respective interests in the above-mentioned Provinces of Persia….”

The agreement proceeds to divide the assets of Iran—which nation was not even consulted—and defines the respective spheres of influence, the North for Russia, the South for Britain, and a “neutral” zone in between. Both agree not to seek for themselves, or in cooperation with third parties, any “Concessions of a political or commercial nature—such as Concessions for railways, banks, telegraphs, roads, transport, insurance, etc.,” in the other’s sphere. They further agreed to prior consultation, if either opposed the other in seeking a concession within neutral zone.

The document even provided for dividing up Customs revenues for the payment of their respective debts to the Persian government, where those collected in the Russian sphere would be used to pay debt to the Russian Banque d’Escompte et des Prits de Perse, and those from the Persian Gulf and the South, “as well as those of the fisheries on the Persian shore of the Caspian Sea and those of the Posts and telegraphs, shall be devoted, as in the past, to the service of the loans concluded by the Government of the Shah with the Imperial Bank of Persia.”

Article Five is directly relevant to the fate of Morgan Shuster. It states that since it was necessary “to establish control over the sources of revenues [that] guarantee regular service of loans” to each other’s banks, “the British and Russian Governments undertake to enter beforehand into a friendly exchange of ideas with a view to determine, in agreement with each other, the measures of control in question and to avoid all interference which would not be in conformity with the principles governing the present Agreement.”

It was this “friendly exchange of ideas” between Great Britain and Russia, that crushed the Iranian revolution.

As soon as this treaty was signed, London simply waited for a pretext to ignite world war, aimed at making itself the seat of a global world empire. Within a little more than a decade, the empires of Germany, Austro-Hungary, Russia, and the Ottoman Empire would all but disappear. After 1907, a series of international crises would build, until the assassination of the Habsburg Archduke Ferdinand in Sarajevo in 1914. The earlier crises included the Moroccan crisis of 1911, various Balkan crises, the Italian-Turkish War, and the developments in Persia.

The Iranian constitutional movement would disappear, as yet another cruel crushing of aspirations of nations on the way to building the British Empire. But unlike in Africa and other Asian nations, there were Americans at the center of this one.

Sealing a Convention with Blood

The first Majlis (national legislative body) was convened on Oct. 7, 1906, and completed a draft constitu-


tion, signed on Dec. 31, 1906, which stated: “under the rule of law, the Crown is a divine gift given to the Shah by the people.” Six days later, Mozafaradeen Shah died. His son and successor, Mohammad Ali Shah, did not agree with this idea. Shuster described the new Shah as “perhaps the most perverted, cowardly, and vice-sodden monster that had disgraced the throne of Persia in many generations,” who became “the avowed tool and satrap of the Russian government and its agent in Persia for stamping out the rights of the people.”

By January 1907, the Majlis was prepared to institute financial and economic reforms, including to establish a national bank, curtail the Shah’s expenses, and begin cleaning up the rampant corruption. Above all, it aimed to prevent further loans from Britain and Russia, and to oust the Belgian Minister of Post and Customs, Joseph Naus.

While relations between the new Shah and the Majlis remained tense, it wasn’t until nine months later, with the signing of the convention on Aug. 31, 1907, and its announcement in Tehran on Sept. 4, that the Shah, with Anglo-Russian backing, began to implement in earnest his plan to overthrow the Majlis. On Sept. 5, Her Majesty’s Minister in Tehran, Sir Cecil Spring Rice, one of the chief architects of the Anglo-Russian Convention, addressed a letter to the Persian government, assuring it that both empires would respect the integrity and independence of Persia. Subsequent events proved that the assurances given were mere sophistries.

By December, with the full backing of Britain and Russia, the Shah deployed against the Majlis the 1,800-man Cossack Brigade, led by Russian Army officers, and a motley force made up of his own servants and disgruntled rabble of Tehran. To oppose these forces, the Constitutionalists in the Majlis rallied the political clubs called anjumans, organized along guild lines, such as merchants and craftsmen, in all the major cities.

Despite tension between the two, the Shah did not see himself strong enough to resist the demands of the Majlis, and the latter had no desire to push the situation into open civil war. In May 1908, the sides concluded an agreement whereby the Shah would dismiss several of the more reactionary of his courtiers, one of whom took refuge in the Russian legation. But for the British and Russians, there was no room for compromise, and on June 2, no doubt after a “friendly exchange of ideas,” the Russian minister Nicholas Hartwig and British chargé d’affairs Charles Marling, presented the Persian Foreign Minister an ultimatum, threatening Russian intervention if the Majlis continued its opposition to the Shah’s wishes. On June 3, the Shah removed to his palace just outside Tehran. The Cossack Brigade of 1,000, equipped with artillery, surrounded the Majlis and opened fire, destroying the building, killing or capturing the nationalists, and instituting a reign of terror in the City. In the ten months of fighting that followed, the nationalists eventually succeeded in gaining control of the country’s major towns and cities.

Tabriz, Iran’s second city, and historically a center of the nationalist cause, expelled the Shah’s troops, only to be put under a brutal siege. It was here that the young American missionary teacher, Howard Baskerville, marching at the head a small troop of 150 young Persians who only a few days before had been his students, and to whom he had given rudimentary military training, was martyred, in the first engagement with the enemy. Upon hearing of his death, the provincial governor proclaimed, “He has written his name in our hearts and in our history.”

Russia, on the pretext of protecting the lives and property of foreigners, dispatched 4,000 troops to lift the siege, and while opening the roads and allowing the entry of food and provisions, then proceeded to occupy the city; they did not withdraw until the end of World War I. In the weeks that followed, the nationalists, winning over the powerful Bakhtiaris’ tribal leaders, led a march on Tehran, forcing the Shah to take refuge at the Russian legation.

Shuster wrote of these developments, “Thus on July
16, 1909, the apparently lost cause of constitutionalism in Persia had been suddenly revived, and by a display of courage, patriotism and skill by the soldiers of the people, their hopes for a representative government had been restored, almost overnight.”

After another “friendly exchange of ideas,” the Russian and British ministers decided it was better to send the Shah into exile than risk the overthrow of the monarchy and the establishment of a republic. By September, after promising never to return, Mohammad Ali Shah was given a pension and packed off to Odessa, Ukraine, to live in exile. His son, Soltan Ahmad Shah, a child of 12, ascended the throne under a regency.

On Nov. 16, 1909, following the reopening of the Majlis, U.S. President William Howard Taft sent a letter of recognition to the new government: “I tender your majesty congratulations on the opening of the constitutional parliament; the American people wish welfare and peace for Persia under the new order of things.”

Despite this victory, the affairs of the new government did not prosper. Russian troops still occupied Tabriz and other regions of northern Persia, and the British, in October 1910, issued an ultimatum demanding that the Persian government allow the officers of the British Indian Army to enter the country, to police the roads in the British sphere, a project which would amount to occupation of southern part of the country, to be paid for by the Persians themselves! Russia and Britain maintained open hostility to the new Constitutional Government, preventing it from raising loans. In a desperate attempt to seek aid from a third quarter, a request was made to the German government, to no avail.

Persia’s Appeal Answered by the U.S.

In December 1910, in another attempt to gain the support of a third party, the Persian Minister of Foreign Affairs, Husayn Kuli Khan, instructed his minister in Washington to request American experts to be employed by the Persian government in the capacity of Treasurer General, to reorganize the State’s finances. There was resistance within the State Department to this request, since the United States had no strategic interests there, but more important, out of fear that this would antagonize Russia and Great Britain. At the same time, the Persian government issued an international appeal for help from the oppressive actions of the British and Russian governments. The Jan. 11, 1911 edition of the New York Times published this appeal, which, in part, stated:

“Four years ago the Persian nation entered upon a great movement to obtain her liberty. She is going to prove to the pessimists of the Occident, who consider the Orient and especially Persia as incapable of regeneration, having private reasons for this view, that Persia is ready to defend at the price of her own blood the ideals of liberty, justice and equality which are the fundamental principles on which the Occidental civilization has grown.

“The clergy and all the social classes of the nation have proved to the entire world in the course of the last few years that neither Persia nor Islamism are afraid to open their doors to the benefits of civilization. The Persians have entered with all the force which animates them on a period of evolution and liberty so as to obtain these things, the lack of which has caused them to be outdistanced for so long a time.

“In their evolutionary march Persia expected to obtain the protection and co-operation of the entire world, but unfortunately this hope has been unfulfilled, and, on the contrary, we have been oppressed systematically by the unfortunate influence of two European countries whose ambition and thirst for conquest di-
rected them into an iniquitous path. These two countries have undertaken the sad work of preventing and stopping the march of the Orient toward progress and civilization."

The appeal went on to denounce the unprovoked occupation of northern Persia by Russian troops, with the approval of the “Liberal and Constitutional British,” who, despite the “suave appearance of English politics,” have threatened to intervene militarily on the pretext of the lawlessness they claim prevails in the southern part of country. The appeal concluded that “the English and Russians, foreseeing the projected reforms and apprehending an economic revival, created all sorts of obstacles” to prevent the extension of loans. “England and Russia took advantage of pretexts which had no foundation and menaced us in order to intimidate us and enslave our country.”

It is not known whether this appeal contributed to President Taft’s decision, but he threw his support behind the Persian request, and by March 1911, Morgan Shuster and four other young men set out for Persia. Their mission was unofficial, and thoroughly private. They became employees of the Persian Constitutional Government. Others would soon follow.

Who was this 35-year-old “financial expert,” W. Morgan Shuster? He was part of the policy establishment, gathered within the institutions of the American Presidency, the broad layer of military, political, and economic experts that emerged following the Civil War and the development of the United States as the world’s greatest industrial power. The completion of the world’s first Transcontinental Railway, linking the Atlantic with the Pacific, made the United States a Pacific power, and therefore, a world power, which could challenge the British Empire.

Two factions coalesced, one Anglophile, which sought to create a colonial empire on the British model, and the other patriotic, which sought to fight the British by supporting nation-states throughout the world. The latter was best represented by Gen. Arthur MacArthur (the father of Gen. Douglas MacArthur), who, as military governor of the Philippines, saw the necessity to create an independent and fully sovereign nation there. Shuster shared that outlook.

A native of Washington, D.C., Shuster did not gain his expertise in a Wall Street bank or law firm, but in the military. Shortly after he graduated from Georgetown University, the Spanish-American war broke out and he joined the Army, serving as a clerk in the War Depart-

ment. With the occupation of Cuba, he joined Major, later four-star General, Tasker H. Bliss, to reorganize the Cuban Customs. This was not a job for a simple accountant, since the Customs House is one of the most important sources of revenue of a national government.

Cuba, like many undeveloped countries, was rife with corruption—not only on the part of Cubans—but its revenues were often committed to foreign loans, especially from Britain, France, and other imperial powers. The loans were arranged in such a way that the revenues went directly from the Customs collection point to the local branch of a British or other foreign bank, to pay the loans directly. If the country failed to pay its debts, the Customs House became the prime target for military intervention by the creditor power. Cleaning up the Customs House was key to warding off military interventions, along with the establishment of an efficient government administration that is integral to the economic development and defense of the sovereignty of any nation.

In this effort, Shuster soon became Bliss’s chief deputy. Three years later, with a recommendation from Bliss, Shuster was appointed Chief of Customs in the Philippines, while William Howard Taft served as governor in the first civil government there. Still in his 20s, as Chief of Customs, he played a leading role in administering and preparing the Philippines for self-government. He would become a strong advocate for granting the Islands independence.

His five associates en route to Persia all had similar backgrounds, having developed their financial and economic expertise in Cuba, the Philippines, or other U.S. territories. Although not an official government mission, its appointment was widely reported in the American press, with feature articles in the New York Times and Washington Post.

One such article on Shuster’s mission to Persia was written by the editor of the New York Times in November 1911, at the height of the crisis: “Wrecked and ruined as she was, she had no hope to herself and none in the European nations. England and Russia, like a pair of wolves, were waiting for her to fall into their paws. Already a tentative partition had been arranged. England taking a ‘sphere of influence’ adjoining the Afghan frontier, and Russia a similar ‘sphere’ adjoining her own. And they, with the minor powers, were waiting for Persia to fall apart so that they could take the remnants without a fight.

“Enter, here, William Morgan Shuster, with a single-
handed and sole devotion to Persia. Not that he had ever taken any interest in Persia before, but now Persia was his employer and from that moment he was heart and soul enlisted in her cause. And Russia and Great Britain, to their consternation, saw Persia being put on a modern basis, becoming a real nation, turning before their eyes into a country which could stand on its own feet; and knew that Shuster and his four husky young American assistants were doing it.

Pointing to Anglo-Russian opposition to Shuster, the Times went on: “The real trouble is that Shuster has asserted from the first the independence of Persia and her right to be free from the dictation of either England or Russia. Now he seems to have brought down a war prematurely on the country he was trying to save. It is a question, however, whether a war of the kind he has brought down is not better than the painless partition which would surely have followed if Persia had gone on in her headlong way to destruction.”

En route to Persia, Shuster stopped in Constantinople, where he met with many Constitutionalists who had been in exile, including Hasan Taqizadeh, one of the founders of the democratic party of Iran, and other member of the nationalist movement, including merchants, government officials, diplomats, and clergymen.

The leaders of the Majlis with whom Shuster worked, included men such as Arbad Jamish, also known as Jamshid Bahman Jamshidian, and members of the banking and merchant class who supported the Constitutional Revolution politically and financially. Jamshid, a Zoroastrian, along with the Jahanian merchant-banker family, had hoped to form a national bank, a project supported by Shuster, but only realized three decades later.

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Shuster’s mission was headquartered in a mansion in Tehran made available by Jamshid.

Another leader was the young deputy Keikhosrow Shahrokh, whom Shuster especially thanked in his book. In 1919, Keikhosrow travelled to the U.S., with the help of Shuster, to address Congress, appealing for U.S. help in preventing the signing of the Anglo-Persian Accord of 1919, which would have turned Iran into Britain’s protectorate.

**Shuster’s Plan**

Shuster’s strategy was clear: to demonstrate how the establishment of a modern nation-state requires an organization of the national finances that can mobilize resources for the nation’s economic development and the protection of its sovereignty.

The Iranian Cabinet tended to be drawn from the country’s grandees and favorites patronized by the royal family, many of whom, Shuster wrote, had “reached the conclusion that it was far safer and easier to become the tools, agents and protégés of the Russian Government, for instance, and have its powerful influence exerted in their favor, than to side with their own people who were struggling heroically, but with all the faults of inexperience and ignorance of the technique of representative government weighing heavily against their efforts.”

It was in the Majlis, as imperfect as it was, that Shuster saw the crucial institution that “represented the actual progressive movement of the people of Iran, and that it was, both by law and reputation, the symbol of Persian nationalism and liberty.” Winning its support was crucial to pushing through his reforms in a government whose Cabinet was more loyal to the old regime than the new. He would have to demonstrate that his own loyalties lay with the Iranian nation and not with the imperial powers.

On his arrival, he learned of the contracting of the £1.25 million loan from the Imperial Bank of Persia, which was worrisome in itself, but worse was a proposed law, drafted by the chief Anglo-Russian agent in the Persian government, Joseph Mornard, the Belgian Customs Minister. This law would have given responsibility for managing and disbursing the loan to a committee chaired by Mornard himself, naturally ensuring
payment to his Anglo-Russian masters. Shuster was able to block what would have been yet another attack on Persia.

Shuster wrote: “Thus the first attempt by foreign elements to tie our hands before we could even get started had failed and the deputies of the Medjlis expressed their delight that we had discovered the situation to them.”

Shuster won the trust and support of the people in another way, too. In Iran, it was soon clear where the loyalty of foreign advisors lay, and who in Tehran would support them. If they were British or Russian, those loyalties were clear, but in the case of the “smaller powers,” such as Belgium, advisors would soon learn where they stood by the social invitations that were extended as soon as anyone new arrived on the scene. Shuster deliberately refused all invitations for the first several weeks, so as to concentrate on pushing a new law through the government and the Majlis that would set the framework for reorganizing the State finances. The foreign legations, especially those of the British and Russians, expressed their displeasure to the government ministers who, at a Cabinet meeting, questioned Shuster’s refusal to accept these invitations.

Shuster replied, “Am I not an official of the Persian government; if I am, should I not observe the rules of etiquette of that laid down by the Persian Government?” The Cabinet quickly agreed, and in Shuster’s words, “They seemed rather to like the idea of a foreigner considering himself to be a genuine part of their government instead of merely condescending to accept their money.”

As word spread to the general public of the Persian government’s loyal new “employee,” Shuster wrote, “During this little by-play the Persian people were not entirely idle. They rubbed their eyes a few times and then commenced to have a new sensation. . . . We have a

Members of the first Majlis, or national legislative body, whose term was Oct. 7, 1906-June 23, 1908. The Majlis drafted a constitution, and became the hotbed of Constitutionalist ferment in the years to come, until it was crushed by the British and Russian empires.
was no national budget, and taxes were collected through the ancient method of tax farming—all of which amounted to an empty Treasury.

As for the Army, its troops existed only on paper while the war ministry was “the roosting place for the most brilliant galaxy of uniformed loafers, masquerading as generals, commissaries, and chiefs of staff, of petty grafters, amiable cutthroats and all ’round scoundrels which it has ever been my fortune to encounter.”

In the face of intriguing reactionary ministers and officials, Shuster and his team went to work immediately, introducing a national budget and budgets for each department. Shuster drafted a budget for the war ministry of 2 million tumans, sufficient for 15,000 men. The budget had been 7 million tumans, and the department could not muster 5,000 men, half starved. Most the budget went to graft or paying foreign “advisors.”

He took the collection of taxes, both in cash and in kind, such as grain, out of the hands of the tax farmers and put it directly into the hands of Treasury officials, organizing an independent Treasury gendarme force for the direct collection of the taxes; it would eventually number 1,500 men, trained and commanded by four American military advisors. He also organized an investigative Treasury secret service. Shuster created the only set of central books the Persian government had ever owned.

Reorganizing the finances had as its object not only enabling the government to pay its obligations, but also to give it a creditworthiness that enabled it to issue its own credits. An example of the problem to be solved was the antiquated and notoriously corrupt national pension system. Most pensioners were never paid at all, especially the common people. Shuster reorganized this by eliminating bogus pensions, introducing a modern system, whereby pensioners were issued bonds with 40-year maturity, and the bondholder receiving annual interest through a coupon system. This not only assured the payment, but increased the amount of negotiable paper available to the system for the requirements of commerce, which, at that time, was dominated by Britain’s Imperial Bank of Persia. This helped establish the creditworthiness of the government in the eyes of the population, allowing for the flotation of internal bond issues.

Thus, for the first time, the government paid its bills on time, including the salaries of diplomatic representatives who had not been paid in years. For the first time, Iranians would accept their own government’s Treasury notes rather than those issued by the Imperial Bank of Persia.

Shuster began to implement three other key projects which would earn him the hatred of the British and Russians, including building railroads, taking over the Customs, and floating a international loan to pay off British and Russian loans and finance such projects.

His most important project, which would not get off the ground for another three decades, was to build an Iranian national railway grid, centered on a north-south trunk line running from Jolfa, on the Russian border, through Tabriz, Zindjan, Kasvin, Hamadan, Khoramabad, to Mohammerah on the Persian Gulf. This would traverse the richest regions of Persia and expand to a full of eight lines criss-crossing the country, and would greatly hasten the country’s development. Shuster thought it could be built in sections, and private loans could be authorized, since it would be profitable, if carefully managed. He recommended to the Majlis that it pass a law announcing its intention to build these rail lines when the time was right.

For Britain, such a railway grid would be the fulfillment of the nightmares of Lord Curzon and other British imperialists. The grid would link the Russian Trans-Siberian Railway to the Persian Gulf and then, the India Ocean. Moreover, any rail development would naturally link up with the German-built Berlin-Baghdad line, which was perceived as a dire threat to Britain’s Indian colony. Britain itself had dreams building a Cape-town to Calcutta line, but only after the Ottoman Empire and Persia fell under London’s control, following the anticipated destruction of both the Russian and German empires.

Persia was being economically and politically strangled by the loans held by the Russian government’s Discount and Loan Bank, the British Indian government loans, and the privately owned British Imperial Bank of Persia.

To get around this obstacle, Shuster opened negotiations with the British office of the American bank Seligman Brothers and Co. This bank was founded during the Civil War, when it was involved in raising funds for the Union; it later became the fiscal agent for the U.S. Department of War and the Navy. Shuster hoped to raise the funds through its London branch, since, at that time, all foreign loans by American banks had to receive approval from the government.

The loan would be used to pay off Russian loans, and provide for public works projects, including a
census for taxation purposes; surveys of forests and mines, and of public domains; barracks and equipment for Treasury gendarmes; repair and construction of roads; and construction of irrigation systems. The British and Russians immediately moved to sabotage this effort by simply telling the bankers and investors not to subscribe to the loan.

One of the most important tools to build up the economy was the protective tariff, one of the hallmarks of the American System of political economy. The tariff would raise revenues as well as protect local agriculture and industry, and Shuster hoped to reform Iran’s Customs regime, which was totally subservient to British and Russian creditors for payment of loans. The tariffs were in fact too low; they were not protective tariffs by any means. Russian trade dominated the North, while Russia would not allow transshipment of goods from any other nation, including Iran itself, on its railroads. The South was dominated by British trade. Shuster’s reform was immediately opposed by both the British and Russians, and Customs Minister Mornard was more than willing to aid his masters in their intrigues.

**Between the Lion and the Bear**

Shuster wrote that he “found it difficult to imagine” why any foreign government would resist his efforts, given the fact that the proposed reorganization afforded more safeguards and guarantees for the payment of foreign loans. Yet, the very day the law was passed, the Russia minister informed the government that Mornard should not be put under Shuster’s authority, going so far as to threaten the seizure of the Customs houses in the North. Within two weeks, the Russian, French, German, Italian, and Austro-Hungarian legations rained protests upon the Persian Foreign Office. Shuster was soon attacked as “a certain Mr. Sinister” and the “so-called Treasurer General.”

Undeterred, and with backing of the Majlis, Shuster secured agreement from the banks to recognize only his signature on any checks drawing from a government account. As for Mornard, after Shuster presented evidence of gross irregularities at the Customs, which he said was prepared to make available to the Majlis, this Anglo-Russian protégé surrendered his authority over the Customs accounts.

By June 15, 1911, Prime Minister and Minister of War Sipahdar ul-Azam left Tehran in protest over the cutting of the war budget, and headed for Europe, on the border with Russia, from where he would work with Russia to bring down Shuster. The brother of the former Shah, Prince Salar ed-Dowleh, went into open revolt in northern Persia, in what was clearly a Russian-backed operation.

Shuster was fully aware of the connection between the Anglo-Russian efforts to crush Iran and the dynamic of the Triple Entente, writing that it was Britain’s aim “to build up war-spent Russia, therefore, and to make an entente with her which should do for England on the north of Germany what the understanding with the French had done on the south….”

Thousands of miles to the west, a small German gunboat, The Panther, dropped anchor at the Moroccan port of Agadir, a move that the British government chose to respond to by threatening war. The British chose to turn a dispute between Germany and France over their division of “interests” into a pretext to invoke the Triple Entente against Germany.

Britain, looking after its own interests in the division of other people’s land, moved to support France against Germany. On July 21, 1911, Lloyd George, Chancellor of the Exchequer, threatened Germany with war. In a speech given in Mansion House, the seat of the mayor of London, the man who would lead Britain into
the World War, and a master of sophistry, George declared that while he would “make great sacrifices for world peace ... if a situation were to be forced upon us in which peace could only be preserved by the surrender of the great and beneficent position Britain has won by centuries of heroism and achievement, by allowing Britain to be treated where her interests were vitally affected as if she were of no account in the cabinet of nations, then I say emphatically that peace at that price would be a humiliation intolerable for a great country like ours to endure. National honor is no party question. The security of our great international trade is not a party question; the peace of the world is much more likely to be secured if all nations realize fairly what the conditions for peace must be.”

After the speech, the Admiralty initiated naval deployments, while Iran would soon learn the bitter meaning of the phrase “what the conditions of peace must be.”

It should be noted that while Germany has been considered the only target of this threat, Germany is not mentioned in the text, but the United States is. The speech was prefaced with comments expressing the hope for a happy issue of the negotiations then ongoing between the United States and British Foreign Secretary Sir Edward Grey for an arbitration treaty between the two governments, initiated by President Taft and aimed at submitting disputes to arbitration, rather than war.

On July 10, the British minister in Tehran, Sir George Barclay, had sent a dispatch to Foreign Secretary Grey to inform him of the activities of the obnoxious American:

“Mr. Morgan Shuster has now been two months in Tehran, and his influence is already a leading factor in the situation. The Mejlis, for the moment at least, is entirely at his command, and proposals from him have only to be made to be accepted with practical unanimity.

“One must admire the pluck and energy with which he has at once thrown himself into the struggle for reform, but at the same time one cannot but have some misgivings as to the results of his headlong progress.

“The only occasion on which I have met Mr. Shuster he emphasized the purely financial character of the work before him, and said that he was no politician ... but the apparently light-hearted way in which he embarked on a conflict with the Belgian customs Administration, and followed this up with the offer of the Treasury Gendarme appointment to Major Stokes, in both of the steps he was exposing himself to opposition from Russia, would seem to give his disclaimer of the politician’s role a more ominous significance, and point to its denoting a disregard of political considerations, which it would be wiser to take into account.”

The “political considerations” which Sir George accused Shuster of ignoring were the Anglo-Russian condominium under which Persia’s sovereignty was annihilated. The reference to Major Stokes concerns the principal pretext that Russia used to invoke the Anglo-Russian entente, in order to oust Shuster. The Stokes appointment grew out of Shuster’s need for trained military officers for his gendarmes, and Stokes, although an Englishman, was highly qualified, knew Persia well, spoke Farsi, and was prepared to resign his commission from the British Indian Army. Russia claimed that his appointment violated the Anglo-Russian agreement of 1907, because Stokes, as a British national, would have to enter the North in order to carry out his duties.

While the above dispatch was not released to the public until after Shuster’s ouster in December 1911, the American had already become aware of the British role by July 17, when he was shown a note given to another official of the diplomatic corps, revealing that the British Foreign Office had directed the British legation to side with the Russians on the question of Mornard and the control of Customs funds.

While Sir George warned Shuster on the Stokes appointment, Shuster, who was quite familiar with text of the Anglo-Russian Convention, saw no reason to compromise the rights of his employer, the Persian government. Writing in reply to Sir George, Shuster declared: “What am I to think when I see the first vital step which I undertake in the task of bringing order out of chaos here obstructed and relentlessly opposed by the very two nations who have time and again professed their sincere desire to see the progress and prosperity of the stricken country which I am seeking to serve. . . .

“In conclusion, permit me to say that as the fact of my tender of this post to Major Stokes is now generally known here, any withdrawal of that offer by me could not fail to be interpreted as being dictated by purely political considerations, which I could by no means permit.”

On July 21, the British Foreign Office sent instructions to Tehran totally backing Russia’s demands, saying, “it should be pointed out to the Persian government that the employment of Major Stokes in military service in any active operations in the north of Persia may involve political considerations, and that His Maj-

esty’s government cannot deprecate objections that may be taken to it.” Stokes would eventually be ordered by the British legation not to accept the appointment.

Civil War

On July 18, three days before Lloyd George’s Mansion House speech, Tehran learned that the war party in St. Petersburg had unleashed the former Shah, Mohammad Ali, breaking the Anglo-Russian promise to assure that he remain in permanent exile. Mohammad Ali entered Iran through Russia at Gumesh Tepeh on the Caspian Sea, with a consignment of rifles, ammunition, and artillery transported by the Russian railway on boxes marked “mineral water,” and a small army of Shahsevens and Tucomans tribes. His brother Salar ed Dowleh, who had already entered Iran and organized a small army of Kurds, declared his support.

This news created near panic in Tehran; nonetheless, the Majlis acted. A new coalition government was formed, and martial law was declared. Within days, the Cabinet and many Majlis deputies were overtaken by fear, but a group of Constitutionallists stepped forward to take leadership. As Treasurer General and an employee of the Persian government, Shuster was brought into the leadership group that hoped to save the constitutional government. At a meeting with the War Minister, the regent, and Ephraim Khan, a Turkish-Armenian chief of police, Shuster recommended that the Majlis pass a law declaring the former Shah and his two brothers to be outlaws, and offering a large bounty to whoever might deliver them up, dead or alive. Shuster met with leaders of both parties in an effort to convince them to take positive action, and by July 29, the Majlis passed a law offering a bounty of 100,000 tumans for the Shah and 25,000 for each brother; the Majlis also voted to oust Prime Minister Sipahdar, who was known to be intriguing with the Anglo-Russian-backed former Shah.

Without an army, the government had only 1,800 police and gendarmes in the capital. Shuster wired funds to Bakhtiyari Khan, governor of Isfahan, and who had been won over to the nationalist/Constitutionalist cause, for expenses to outfit 2,000 Bakhtiyari tribesmen. And a pension was arranged for Major Haase, a German artillery instructor, to handle the few Maxim guns in the possession of the nationalists.

On July 28, the first of several assassination plots against Shuster was discovered, and was believed to have been linked to the Russian legation.

On July 31, the British and Russian missions issued a statement recognizing that the Shah had violated the agreement on his exile, and that therefore, his pension should be forfeited. But, now that he was in Persian territory, they wrote sanctimoniously: “The British and Russian governments cannot intervene. Therefore the British and Russian governments state that in the conflict that has unfortunately arisen in Persia they will in no way interfere.” It would be learned later that the ex-Shah, as early as June, had met in Vienna with Russia’s Ambassador to Serbia, Nicholas Hartwig, who, when he was minister in Tehran in 1908, had coordinated the Anglo-Russian operation to overthrow the Majlis.

The British-Russian statement, of course, was pure sophistry. That week, the governor of Ardebil was arrested by the Iranian government for treasonous activity, and the Russian consul sent 300 Russian soldiers to secure his release, after which the governor joined the forces of the former Shah.

On Aug. 7, Shuster’s Director of Taxation, F. S. Cairns, dispatched a letter to President Taft:

“Pursuant to your kind request to keep you informed of our progress in Persia, the following statement of experiences and conditions may be of interest, especially in view of the recent return of the exiled Shah, Mohammad Ali, and the near approach of civil war which now seems inevitable, as the result of foreign intrigues....

“The injection of Mr. Shuster’s vigorous and upright personality into such a putrid mass, has created more stir and consternation than anything which has occurred in recent years, and has tended to upset the vicious plans of certain foreign representatives whose hopes for a complete national disintegration have been temporarily disturbed, but not checked by any means. Mr. Shuster’s reception by the Persians, who want and hope for better things, was extremely cordial, and the confidence in his ability to place the country on a better and more substantial basis, was fittingly demonstrated by the alacrity with which he was given complete control of the finances. His powers in that respect are dictatorial, and have been confirmed in a law passed by the Medjlis last May. The natural result of a rigorous policy to check abuses and secure the proper payment and control of taxes, has developed a colossal opposition from all those who have heretofore sapped the vitality of the nation, in which attitude they are encouraged by every foreign Legation except our own. Harassed upon all sides by a hungry horde of thieves who fear a permanent curtailment of their corrupt practices, with a depleted Treasury and civil war staring him in the face,
Mr. Shuster’s task is one which might well discourage any man, and makes the fight very unequal. His only support is the National Assembly (Medjlis), which up to the present time has approved every measure proposed by him, but how long constitutional government can exist in this country, overshadowed as it is by a Bear on the north and a Lion in the south, is a question we are constantly asking each other.

“We are assured by other foreigners that our lives will not be endangered, but we have almost positive proofs that Mr. Shuster has been secretly threatened with assassination by a Russian ex-consul, named Petroff, who lives at the Russian Legation. In most any other country such statements would be liberally discounted, but political assassination is so common here, and practiced so generally in Russia, that the story, which has reached us, cannot be accepted at other than its face value....”

After reviewing the difficulties in reorganizing the taxation system, Cairns continues: “The Customs service is fairly well organized and managed by Belgians, but not honestly. They collect about four millions of Tomans annually, nearly all of which is consumed in the payment of interest charges on the Russian and British debts.

“It is only recently that Mr. Shuster has secured the control of this branch of the service, and even now he is engaged in a fight forced on him by the intriguing Legations, to compel him to release his supervision and permit the Collector of Customs to personally pay and be responsible for the interest charges and other obligations secured by the customs collections.

“All this will undoubtedly seem very strange to you Mr. President, but the situation here is so extraordinary, that one must be on the ground to realize that a seemingly independent government can be so impotent, that orders to its officials are given by foreign representatives, and strangest of all, are many times obeyed without question.

“I have been told that the situation here is comparable to that of Egypt thirty odd years ago, but Lord Cromer had a British army, with every important office filled by men of his own nationality, and the British nation at his back. If we could have even a small part of such support, and could eliminate foreign intrigues, we might hope to accomplish reforms in time; as it is, however, my views for ultimate success are extremely pessimistic and are shared by every other member of the Commission. As a fair sample of our difficulties, Mr. Shuster has recently been endeavouring to organize a force of Gendarmes for service in the collection of taxes and is being opposed and hindered by the Russian Legation in the most outrageous manner. The Russians are protesting through diplomatic sources and are determined to defeat the project, by fair means or foul. They recognize the wisdom of the movement, and as their policy is to keep Persia in a constant turmoil and without financial resources or improvements, each of our propositions for betterment of conditions will be vigorously and officially combated by them.

“Finding it impossible to defeat the gendarme proposition, they promptly landed the exiled Shah on the North coast of Persia, accompanied by Russian army officers, and in their determination to defeat Mr. Shuster and his plans for improvements, they are plunging Persia into civil strife with a certain prospect of success. If unable to defeat the Constitutional forces in the field, and again seat a tool on the Persian throne, they will at least have accomplished one of their objects by depleting the Treasury and compelling the expenditure of the last cent for military operations. In the meantime general conditions are daily growing worse, travel on the roads is becoming more dangerous, bands of brigands are appearing everywhere and a revolutionary explosion may occur any day here in the city where Russian influence is very strong. To sum up the situation, Russia is determined to defeat any attempt to improve conditions in Persia, and incidentally to eliminate the Treasurer General and his assistants, unless they are willing to become subservient to Russian intrigues.

“Can we resist successfully and carry on our work of regeneration without even the moral support of any nation? Can we expect progress when opposed by foreign nations, and such a powerfully corrupt element among the Persians themselves? I must confess that the future looks exceedingly dark.... We shall struggle along, however, until things take a better turn, or, until the final dissolution expected by everybody except the American Minister, who is the only optimist, and whose cheerful presence and encouraging words serve not a little to buoy up our drooping spirits and spur us on to renewed efforts....”

On Aug. 11, at a diplomatic dinner where Sir George

Barclay and Russian Minister M. Poklewski Koziell were present, the latter tried to bribe and warn Shuster to stay passive while the ex-Shah moved to take power, after which the Russians would assure that he could remain with full powers. Without hesitation, Shuster said that no matter what happened, he would never serve under the ex-Shah.

While the Russian and British ministers shared drinks with Shuster, the former Shah’s force advanced on Tehran. On Aug. 20, Prince Salar ed-Dowleh reached Hamadan with 10,000 men, preparing to march on Tehran, where the nationalists had no more that 3,000 men. But on Sept. 5, an inferior government force of Bakhtiyaris, and gendarmes led by Ephraim Khan and supported by Major Haase’s Maxim guns, through a flanking maneuver, defeated Ashardu’d Dawla, who was captured and executed. Having lost his best general, Mohammad Ali’s chances of marching on Tehran had been dashed. On Sept. 11, Ali and his brother Shuau’s Sultana were defeated and fled with only a few followers. On Sept. 18, Prince Salar ed-Dowleh, at the head of a group of Bakhtiyari tribesmen, was defeated as he attempted to advance from Hamadan towards Tehran. By October, Russia and Britain saw the total defeat of their counterrevolution.

Shuster Takes On the British

On Oct. 17, Shuster held interviews with the London Times and Reuters, in which, he said that neither Russia nor England was interested in supporting financial reform in Persia, to which the Times replied in insulting terms on Oct. 19. Shuster wrote a long letter to the editor, detailing Anglo-Russian collusion against Persia, making the point that if what they had done against the Persian government were done to a stronger country, these would be considered acts of war. Writing that both powers have undermined of his work, he declared there was “a deliberate agreement between a number of foreign legations, headed by the Russian legation,” to defeat the execution of his policies. “This campaign of threats, nagging and general opposition which even descended into vulgar personalities against me, and into crude attempts to frighten the Persian government, failed utterly, though it did entail a period of delay and confusion in initiating certain financial reforms.”

In response, the Times wrote that Shuster failed to recognized that “Russia and Great Britain exercise a control over Persia akin to that exercised over a minor by his guardian,” and charged that he had “thrown in his lot” with the Persian nationals. Shuster commented that he was unable to “understand with whom the Times thought I should have thrown in my lot while I was working in the service of the Constitutional Government.”

Persian patriots, without Shuster’s knowledge, translated his letter to the Times and published it as a revolutionary pamphlet throughout Iran.

His Majesty was not at all pleased with the turn of events. Louis Mallet, Assistant Secretary of State at the Foreign Office, in a minute to Foreign Secretary Sir Edward Grey, raged that Shuster had “completely failed to appreciate that Persia is a country protected by Russia and Britain and it is clear that the only way to preserve the entente between us and Russia, which is of paramount importance, is to get rid of Shuster” (emphasis added).9

Grey fully agreed, and on Oct. 26, he sent the following dispatch to British Ambassador Sir George Buchanan in St. Petersburg: “Persian independence cannot, I agree, be allowed to be marked by unfriendliness either to Great Britain or to Russia, and it is obvious that, in view of the geographical situation, no Government which refused to respect the interest of Russia could be tolerated by the latter at Tehran. This we shall certainly impress upon Shuster when the occasion arises…”10

Within days, Russian troops began landing in Iran at

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9. Ibid.
Enzeli (Bandar e Anzali), and the British legation informed the Persian government that it was sending two squadrons of Indian troops to Shiraz to act as “consular guards.”

With these dispatches, the ouster of Shuster, the destruction of constitutional government in Iran, and its occupation in the North by Russian troops, and in the South by British troops were assured. Only a pretext was needed, and two were found very easily.

The first was the assignment of an Anglo-Frenchman named Lecoffre to examine the misappropriation of 1 million tumans in the city of Tabriz, in the Russian “sphere.” This was despite the fact that Lecoffre had already been employed by the Persian government for the previous two years and was based in Tehran, also in the Russian “sphere”—a fact that had until now been ignored. The second was the Persian government’s order to Shuster on Oct. 4 to confiscate the Tehran estates of the Shah’s two brothers whose rebellion had collapsed, and who were rightfully deemed traitors by the Constitutional Government. These two actions, which were fully within the rights of any sovereign government, became the pretext for militarily backed ultimatums.

Using the Lecoffre appointment as a pretext, on Nov. 2, the British Foreign Minister sent instructions to Sir George Barclay, their minister in Iran: “[The] Russian government are sure to be annoyed at this appointment, and it is not unlikely that they will defend their interests by energetic measures which might even go as far as an occupation of Northern Persia. You should advise Shuster most strongly to do all in his power to conciliate the Russian Legation, and point out the probable result of continued provocation on his part. He should be made to understand clearly that [the] Russian government have it in their power to employ means which would seriously impede the discharge of his duties, and which it would be impossible for him to withstand. He must be made to see that the Russians are sure to take measures for the protection of their own interests if administrative posts in their sphere of interest are filled by British subjects, and that His Majesty’s government cannot deprecate such measure as it would be contrary to the spirit of the convention of 1907....”

When Barclay presented the orders of his government, Shuster told him he could not comply, because, although he was respectful of Anglo-Russian “legitimate interest” in Persia, he could not “recognize the existence in Persia of foreign spheres of influence, a thing which the Persian government had officially refused to do, and had actually forbidden me to do on more than one occasion.”

On Nov. 2, the same day that Barclay had received his instructions, his Russian counterpart, Poklewsvki Koziell, presented an ultimatum to the Persian Foreign Office, that the Treasury gendarmes be immediately withdrawn from the estates, and that those properties be given to the Persian Cossacks. He refused to accept the Persian protest against the landing of thousands of Russian troops on Persian soil.

Having just defeated the Anglo-Russian-backed rebellion of the former Shah, the Persian government was not prepared to capitulate to these totally unjust demands. The Cabinet consulted with Shuster, who, while saying he could not intervene in the internal affairs of Persia, did remark that if Persia were to make a stand, it had a strong case, because Russia was acting without law or justice. But in the following days, Russian troops continued to enter Iran’s North, and Anglo-Russian intrigues escalated in Tehran. The Persian Embassy in London asked Sir Edward Grey his advice, and he told them to accede to the Russian ultimatum, giving the impression this would end the affair.

The third party to the Triple Entente, France, while keeping a low profile in Tehran, was nonetheless working with Russia and Great Britain to oust Shuster. Writing to Paris, the French minister in Tehran complained that “the American influence is growing; it has become the symbol of nationalistic demagogy.”

The Empires Demand Shuster’s Removal

Unknown to both the Iranian government and Shuster was a dispatch from Sir Edward Grey on Nov. 17 to Sir George Buchanan, British Ambassador to St. Petersburg, informing him that he had told the Councillor of the Russian Embassy in London that if the Russian government thought no satisfactory settlement could be reached without the dismissal of Shuster, he could urge no objection. “As a matter of fact he has given me endless trouble by his inconvenient appointments of British subjects in spite of all I could say to him.”

The French Foreign Office expressed the same opinion: “This inauspicious advisor who has managed to


impose his will on a weak-willed government ... and who pays no attention to the special privileges that Russia quite rightly claims.”

On Nov. 24, the Iranian Foreign Minister arrived at the Russian Legation in Tehran and was presented with a formally apology for the ultimatum. But five days later, the Russians delivered a second ultimatum, demanding the immediate dismissal of Shuster and Lacoffre. In addition, the Russians demanded the payment of an indemnity to cover the expenses of the Russian invasion of their country! They demanded compliance within 48 hours, or else, they said, the Russian troops already in Rasht “will advance and it is evident that this will increase the indemnity to be paid by Persia to Russia.”

When asked in Parliament whether the fact that the British government’s name was on the ultimatum indicated his support for it, Sir Edward Grey said that he fully agreed with the ultimatum, and only had reservations about the indemnity, lest it be too great to allow the Persian government to pay for the security of the roads in the British sphere in southern Persia! He accused Shuster of having “set the clock back in Persia.”

The only concern the British expressed to their Russian partners was that Russian troops not occupy Tehran, for fear that this would outrage the Muslim population in India. The French helped out and took the initiative to work out a “compromise” between Russian Foreign Minister Sergei Sazonov and the Persian minister in Paris, Samad Khan, in a meeting in Paris. Khan agreed that the Persian government, not the Majlis, would see to the eventual ouster of Shuster in December.

The Majlis Rallies

News of the ultimatum caused a tumult in the Persian capital; the government split between the Cabinet and the Majlis, with the former more open to Anglo-Russian intrigues and more willing to capitulate, while the Majlis, which, as Shuster wrote, represented “the patriotic aspirations and sovereignty of the Persian people, [who] were inclined to meet their responsibility face to face.” When the Cabinet went to the Majlis a few hours before the deadline, urging capitulation to the ultimatum, one deputy, a leading cleric, got up and said, “It may be the will of Allah that our liberty and our sovereignty shall be taken from us by force, but let us not sign them away with our own hands!”

As Shuster recorded, “When the roll call was ended every man, priest or lay man, youth or octogenarian, had cast his own die of fate, had staked the safety of himself and family, and hurled back into the teeth of the great Bear from the North the unanimous answer of a desperate and down-trodden people who preferred a future of unknown terror to the voluntary sacrifice of their national dignity and of their recently earned right to work out their own salvation. Amid tears and applause from the spectators, the crestfallen and frightened members of the cabinet withdrew while the deputies dispersed to ponder on the course which lay darkly before their people.”

A few days later, the Majlis and the Cabinet met and voted to reject the ultimatum, as thousands of Russian Cossacks and artillery poured into northern Persia and commenced a march on Tehran.

The nationalist forces began to mobilize. Clerics announced a boycott of Russian and British goods; demonstrations were held in front of all European legations “to demand justice of the representatives of the world powers for a people in the extremity of despair,” Shuster said. In the South, British Indian troops could not acquire food because of the boycott, and the notes of the Imperial Bank of Persia were declared unclean, causing the people to take their notes to the bank and demand Persian currency.

The pro-Constitutionalist clergy, including Hajhajji Husayn ibn Khalil and Mullah Abdullah al-Mazandarani began preaching jihad against Russia. The most important of the religious Constitutionalists, Mohammad Kazim al-Khorasani, the mullah of Najaf, Iraq, decided to leave Najaf and travel to Tehran to preach jihad against Russia, but died en route and was believed to have been poisoned by Russian agents.

Secret anjumans, Shuster wrote, “sprang vigorously into action the moment that their ideal was threatened…. They were always prepared to take up arms in defense of their principles.” These secret societies were believed to have been responsible for the assassination of the reactionary Prince Alau’d Dawla, as well as an assassination attempt against Mushiru V Saltan, former premier under Mohammad Ali Shah. These assassinations induced a panic among “public officials and grandees who felt that his conscience was not entirely clear in his actions towards the land of his birth.”

International Outcry

By November, the crisis had generated an international outcry. Muslims throughout the world, including

British India, sent messages of support. One such message from the Persian Defense Society of Calcutta read: “Do not submit to the new proposals, but take advantage of the impression produced in Manchester and among the Moslems of the world. Even the Indian women are excited. The pressure from the North is for a railroad concession. Have no confidence in the advice of the South. Increase the relations with America” (emphasis added).

The impact of the crushing of constitutional government in a major Muslim country had the effect of bringing more Muslim independence leaders to attend India’s Congress Party convention in 1912, further undermining the British policy of keeping Muslims and Hindus working against one another.

In the United States, these developments were front-page news for months, in part, because the Taft Administration was trying to get Senate approval for an arbitration treaty with Great Britain, and there was agitation throughout the United States for the abrogation of the U.S-Russian Treaty of Commerce, because of Russia’s refusal to give American Jews visas to enter the Russian Empire. Organizations such as the Persian American Educational Society appealed to President Taft, the New York Times of Dec. 11 reported, “to use the good offices of the United States Government to prevent war between Russia and Persia. The society also addressed letters of appeal to the United States Senate and House of Representatives and to Andrew Carnegie, asking the latter’s help as a friend of world peace.” Congress was bombarded with requests to pass resolutions in support of Shuster and the Persian government.

The New York Times, on Dec. 15, reported comments by Dr. David Star Jordan, president of Leland Stanford University, while on his way to see President Taft: “I am with Shuster in this matter and with Persia—you can’t make that assertion strong enough.... It is just a case of Russian timber thieves in the north and British oil thieves in the south of Persia. They wish to grasp the great resources of Persia, still undeveloped. They wish their Governments to back them up in this thieving....”

Shuster’s book captures the dynamic that had overtaken Iran in its struggle for liberation. Nowhere is this more dramatically expressed than in his discussion of the role of the women of Persia:

“The Persian women since 1907 had become, almost at a bound, the most progressive, not to say radical, in the world. That this statement upsets the ideas of centu-
following spring would crush out the last spark of Persian liberty and leave, perhaps, not even widows and orphans to mourn at soldiers’ graves.

“It was strange, sad talk. Probably they had no right to place the responsibility for such a decision on a foreigner, but I am glad to recall that I pointed out to them the unavoidable distress which would follow any aggressive action on their part. When they filed out, having yielded to the idea of only passive opposition to Russian demands, another humble chapter had been written among many which mean little to the world at large, yet which are potent with consequences for those to whom the drama is very real.”

Shuster offered to resign if that was the will of the Persian government and Majlis, since his removal was at the center of the Anglo-Russian ultimatum. But the Majlis refused his offer, and said that if he did resign, it would be a breach of his contract! And that would mean the end of all hope for constitutional government in Iran. The popular support for Shuster was such that Abolqasem Ferdowsi, who would become Iran’s national poet, composed a poem to mobilize support for preventing his ouster:

Disgraced is the house where the guest leaves undined
Do not let him leave, sacrifice your life.
If Shuster leaves, Iran will be destroyed.
O young patriots, let not Iran die!
To the dead you are the soul!
To a world you are the soul!
You are a treasure gold!
Would to God that you stay!
Would to God that you stay!

Coup d’État

On Dec. 24, the Cabinet executed a coup against the Majlis, by deploying gendarmes and Bakhtiari tribesmen to attack and clear the Majlis; they locked it up and ordered the deputies not to return, under threat of death. As Shuster wrote, Russian gold bought the same military leaders, including Ephraim Khan, who, only a week before, had fought on the side of the nationalists, to seek “a sordid ending to a gallant struggle for liberty and enlightenment…. More than political catastrophe,
it was a sacrilege, a profanation, a heinous crime.”

The deputies again came to consult Shuster “with tears, with broken voices, with murder in their hearts.” They asked whether they should assassinate their treacherous ministers or kill themselves. “I said to do neither for it would only color the pretensions of the Russian and British that the Persians are incapable of maintaining order.”

Days before the coup of Dec. 24, the Cabinet sent a letter relieving Shuster of his duties—which was illegal, since it was not certified by the Majlis. But after the coup, with a Russian army 89 miles from Tehran, and with Russian-backed Bakhtiaris and Cossacks in Tehran, he understood that nothing good could come out of the continued presence of the American mission in Persia. The Russians and British demanded that the notorious Mornard take his place, and no one else. Refusing to give such an order, Shuster turned his office over to his deputy, F. S. Cairns, on Jan. 7, 1912. That same day, a representative of the ministers came with orders that Mornard take over.

Shuster left Tehran on Jan. 11, and the rest of his team soon followed.

When the corrupt Belgium Mornard was named his replacement, the French minister in Tehran, Raymond Lecomte, displaying the cynicism of an imperialist, commented that Mornard “is far more experienced and more familiar with the Persian mores; this enables him to make allowance for the amour propre and other such customs of the country, that scandalized Mr. Shuster’s puritan ethics.”

The Russians, with British backing, launched a reign of terror throughout their sphere, as 4,000 Russian soldiers with artillery and machine guns massacred 1,000 fidais (self-sacrificing warriors) who had taken refuge in the city’s old fortress in Tabriz. The Russians publicly hung the city’s leading clerics and went on killing any suspected Constitutionalists, whom the Russian Foreign Ministry called “revolutionary dregs.” In their sphere, the British deployed Indian troops.

Shuster saw the tragedy as a direct result of the Triple Entente. “The trap which closed around Persia,” he wrote, “had been set by the hands or by the fate which brought about an unexpected move on the European chess-board during the summer of the year 1911, and the Bear’s paw had been skillful enough to spring the trap before the opportunity was lost.”


Shuster Gets the Truth Out
Shuster left Iran, but continued to work for the benefit of its struggle. On his return trip, he stopped in London, where he spoke before the British Persia Society, which opposed the British government. Far more dramatic was his speaking tour of major cities of the United States, including New York, Philadelphia, and Washington, where he addressed foreign policy organizations, business groups, and church organizations. In Philadelphia, he was scheduled to speak before that city’s foreign affairs society, in a hall with a capacity of 1,000—but no fewer than 5,000 people showed up, requiring the deployment of police to maintain order.

Speaking before audiences who would stand up and cheer him at the close of his talk, he would expose the role of the British, Russian, and French allies in crushing of Iran’s Constitutional Revolution. As for that revolution and its struggle for representative government, he had nothing but praise. Shuster, in the conclusion of his memoir, wrote: “no parliament can be rightly termed incompetent when it has the support of an entire people, when it recognizes its own limitations, and when its members are willing to undergo great sacrifices for their nation’s dignity and sovereign rights.

“The Medjlis was the only permanent check in the governmental fabric on the reactionary tendencies of numbers of the grandees and cabinet officials, as well as on corruption among many Persian officials of all ranks. So long as the Medjlis existed it was felt that there was a body to which the people could appeal against reaction, gross peculations and betrayal of their personal and political rights. The Medjlis stood for an honest and progressive administration of Persia’s affairs. On the day that this body was destroyed with the connivance of the foreign powers, the last hope of honest or representative government in Persia disappeared. The Persian people refused to acquiesce in the coup d’état which snuffed out the Medjlis, because they recognized that with it went their liberties, their rights, their nationality, and their future as an independent state.

“That the Persians were unskilful in the practical politics and the technique of representative constitutional government no one could deny; but that they had full right to develop along the particular lines of their customs, character, temperament and tendencies, is equally obvious. Five years is nothing in the life of a nation. It is not even long as a period for individual reform, yet, after a bare five years of effort, during which the Persian people, with all their difficulties and harassed by the so-called friendly powers, succeeded in thwarting a despot’s well-planned effort to wrest from them their hard-earned liberties, the world is told by two European nations that these men are unfit, degenerate and incapable of producing a stable and orderly form of government. With a knowledge of the facts of Persia’s downfall, the scales drop from the eyes of the most credulous, and it is clear that she was the helpless victim of the wretched game of cards which a few European powers, with the will of centuries of practice, still play with weaker nations as the stake, and the lives, honor and progress of whole races are the forfeit.”

The crushing of the Constitutionalists was a prelude to a much greater conflagration, as Europe marched towards world war, in which Iran became a battleground for three armies. By 1914, a Turkish-German army marched from the East, as Russia poured more troops from the North, and Britain from the South. Although Iran took no part in it, under the catastrophic conditions of war, it lost fully a third of its population to famine and disease.

Although the poet’s fear of the destruction of Iran was almost fulfilled, Iran had, by the next decade, as the U.S. minister said, “thrown off her chains and arisen with renewed vigor.” That effort was also aided by the United States, which will be a topic for a future article.