

Government that "Her Majesty's Government felt it to be their duty to renew the intimation that it would not be compatible with the interests of the British Empire that any European Power should exercise control or jurisdiction over the ports of the Persian Gulf." On the 20th of March last Her Majesty's Chargé d'Affaires at Tehran was instructed to remind the Persian Minister for Foreign Affairs "of the written promise given by the Persian Government on the 23rd of October 1897, that the Customs of Southern Persia shall never be placed under foreign supervision and control," and "Her Majesty's Government must hold the Persian Government to the strict observance of this engagement, of which they were reminded in December last."

10. In regard to concessions for railways, the conveyance to the Persian Government of an equally precise intimation was authorised in the telegram from the Marquess of Salisbury to Mr. Spring Rice on the 4th of April last, when a reference was made to "the promise of the late Shah that Great Britain shall have priority in the construction of a Southern Railway to Tehran, that if concessions for railways are given to others in the North a similar concession shall be granted to an English Company in the South, and that no Southern Railway concession shall be granted to any foreign company without consultation with Her Majesty's Government." The Persian Government was accordingly reminded of this engagement.

11. In the Gulf itself an examination of the ports, harbours and islands is being conducted, and further reports on the subject from the Captains of Her Majesty's ships are awaited.

12. Your Excellency may be assured that all vigilance will be exercised in closely watching the course of affairs in Persia, and that whilst Her Majesty's Government do not propose to adopt for the moment any departure from their past line of action, they readily admit that the conditions there may so alter as to necessitate some change in the procedure and measures required for protecting Indian interests in Persia. In the meanwhile your Excellency in Council is considering the subject of military preparations and the scheme of defence discussed in my Secret Despatch No. 5, dated the 23rd of February last, and I have under my consideration your letter No. 51 (Secret, Military Department) dated the 29th of March 1900.

I have, &c.

GEORGE HAMILTON.

II.—SURVEY OF BRITISH POLICY, 1905.

No. 321.

Memorandum on British Policy in Persia.

(8526.)

Confidential.

Foreign Office, October 31, 1905.

In a Memorandum dated December 1895, and in a despatch of the 12th February, 1899, Sir H. M. Durand, then His Majesty's Minister at Tehran, submitted his views upon the existing state of affairs in Persia, and made certain suggestions regarding the best steps to be taken in order to improve our position and to counteract the growth of Russian influence. Various of his recommendations, such as those concerning the establishment of British Consular posts at Kerman, Bunder Abbas, and Kermanshah, in Seistan and on the Karun, and the improvement in the position of our Consuls at Ispahan and Tabreez, have since been carried into effect.

In a despatch of the 21st September, 1899,⁽¹⁾ the Government of India discuss and amplify Sir H. M. Durand's proposals. They describe British—i.e., Anglo-

⁽¹⁾ [v. *supra*, pp. 856-63, No. 319.]

Indian—interests in Persia to be commercial, political, strategical, and telegraphic.

1. As regards commercial interests, they quote Sir H. M. Durand's estimate of the total annual British trade with Persia as standing approximately at £3,500,000. They believe this estimate to be under the mark, and anticipate that it will increase; and they call attention to the fact that a considerable amount of British capital is sunk in undertakings in various parts of the country.

It would seem that these anticipations have not been realized, and that British trade, partly, no doubt, owing to the unfavourable tariff which the Russian Government have induced Persia to adopt, partly to the general condition of impoverishment and insecurity prevailing in the country, has not increased up to the present time.

From a Memorandum which has been drawn up in the Commercial Department of this Office, it would seem that in 1903, out of a total trade import and export of £11,000,000, British commerce amounted to about £2,700,000, of which two-thirds belonged to the United Kingdom and one-third to India.

British shipping, however, continues to form 90 per cent. of the total in the Gulf ports.

From this Memorandum it would appear that, with the exception of the overland route from India to Seistan, the United Kingdom is more interested than India in Persian commerce. The figures given for the Gulf ports are:—

India	...	...	...	...	£	720,000
United Kingdom	...	...	...	...		940,000
Other routes—						
India	...	...	...	...		186,000
United Kingdom	...	...	...	...		836,000

2. As regards political interests, the Government of India admit that these a century ago were, in the main, Indian in inception, and are still largely Indian in character, but they point out that ever since the first visit of the late Nasr-ed-Din Shah to Europe, Persia has been brought increasingly into the sphere of European politics; that France, Germany, Austria, Italy, Holland, and Belgium all maintain diplomatic missions at Tehran; that the future of Persia is part of the general Eastern Question, and that it has generally been acknowledged that the control of British diplomacy at Tehran must of necessity be vested in the Secretary of State for Foreign Affairs.

3. As regards the strategical interests of Great Britain, the Government of India admit that these arise from conditions with which India is most concerned, but they urge that the question is one of such magnitude as to affect not merely the destinies of the British dominion in India, but those of the British Empire, and that from this point of view Persia in its strategical, no less than in its political, aspect is not only an Indian, but an Imperial concern.

4. The telegraphic interests of Great Britain may, in the opinion of the Government of India, be said to be evenly divided between the mother country and India. They observe that the system established is equally indispensable to both countries, and that 80 per cent. of the total traffic consists in messages between Great Britain and places lying beyond India, notably to the Australasian Colonies. The cost, however, in so far as it is borne by either Government, devolves exclusively upon the Indian and not upon the Imperial Exchequer.

The tendency of British policy in Persia has been to avoid, as far as we can, any addition to our political or territorial responsibilities, or any step calculated to disturb the political *status quo*. Our efforts have been directed towards maintaining the continued national existence and territorial integrity of Persia and developing her resources. We have sought to infuse some vitality into the Persian Administration, strengthen the Central Government against Russian domination, and encourage the development of British commerce and enterprise in South

and Central Persia, both for that purpose and as a desirable object in itself. But we have always kept in view the secondary consideration that if the Persian Government fail to maintain themselves and fall into hopeless subjection to Russia, we ought to be able to assert ourselves in the south to an extent corresponding to the increase of Russian domination in the north. This consideration has led to the recent strengthening of our Consular position in the Persian Gulf and in South-Eastern Persia, at points of much political and strategical importance, where recent Russian activity has necessitated a corresponding countermove on our part.

The geographical and political reasons which must in any case give to Russia a preponderating influence at Tehran over that of Great Britain are very well summed up in the despatch from the Government of India of the 21st September, 1899, to which allusion has already been made. They consist, briefly, in the fact that Russian forces can with ease be concentrated on the Perso-Russian frontiers, that the Caspian Sea is practically a Russian lake, and that the capital of Persia is within easy striking distance of Russian territory.

Apart, however, from these circumstances, our conflict with Russia has been very unequal. The aim of Russian policy has been to reduce Persia slowly to a state of impotence under Russian domination, and to secure a monopoly of Persian commerce by means of bounties to their own exporters and of tariffs unfavourable to British commodities.

The natural tendency of the Persian Administration has been towards decay, and it has been far easier to encourage that process than to fortify Persian Sovereigns and Ministers against it.

The Russian Government have, moreover, supported the unceasing efforts of their diplomacy by a lavish expenditure.

The Cossack Brigade at Tehran, although manned by Persians, is commanded by officers whose services are lent by Russia. It constitutes the only dependable and disciplined body of troops in the country, and is the only force which receives its pay with regularity.

The Russian Bank at Tehran has the full support of the Russian Exchequer, its Manager takes his orders from the Ministry of Finance at St. Petersburg, and the nature of its business is dictated by political rather than financial considerations.

A Russian loan of over £2,000,000 was made to the Persian Government in 1900, nominally through the Bank, but guaranteed by the Russian Government, and has been supplemented by a further loan of £1,000,000 in 1902. Advances on account current are frequently obtained by the Persians from the Russian Bank, one of £80,000 as recently as last June, and the Valiahd stands indebted to the Bank for a similar amount.

Many thousands of pounds have been spent by Russia in the construction of roads in Northern Persia, notably those connecting the Caspian and Resht with Tehran, Kazvin with Tabreez and with Hamadan, Asterabad with Meshed, &c. Harbour works on a considerable scale have recently been commenced at Euzeli, the Persian port on the Caspian Sea. By means of improved communications, reduced transit fares, and export bounties, it is sought to monopolize the Persian market for Russian goods, which are now distributed over Northern Persia by a service of motor-cars.

Russia has spared no expense in order to secure her own preponderance, or when the opportunity has presented itself for the simple purpose of obstructing British commerce and influence. The establishment of a quarantine cordon at Turbat-i-Haidari may be cited as a case in point. The opening of the long closed Nushki-Seistan trading route in 1896 excited much concern in Russia, and in the following year the outbreak of plague in India afforded the Russian authorities an opportunity of endeavouring to strangle the new enterprise at its birth, and of increasing their own influence in Seistan. Under pretext of establishing a protective cordon to safeguard the Perso-Afghan frontier, Russian Cossacks, under Russian

officers, were posted at various points in Persian territory and turned back all caravans. In February 1897 several Russian doctors, with an escort of 150 Cossacks, arrived at Turbat-i-Haidari, 80 miles south of Meshed. The vexatious and arbitrary measures employed by this post against British and Afghan traders threatened to entirely destroy the traffic on the new road. As the representations of the Persian Government and His Majesty's Government failed to secure its withdrawal, we have been forced into taking measures for the protection of our traders. A British doctor, with a suitable escort, was dispatched to the spot to protect our interests, and, in September 1903, a permanent Consul was appointed at Turbat-i-Haidari.

Similarly, increased Russian activity in Seistan has necessitated a corresponding countermove, in the shape of a British Consular appointment. The lively interest shown by Russia in Southern and Eastern Persia, evidenced by the appointment of Consuls, doctors, and news-writers, and the frequent visits of so-called scientific expeditions, may be due in part to considerations of commercial expansion or strategic advantage, but must be mainly ascribed to the well-known Russian aspiration to possess a port on the Persian Gulf, or preferably at a point on the shores of South-Eastern Persia, such as Chahbar. The possession of such a port would be valueless unless it could be connected by railway with the north, and any railway must pass through Meshed and Seistan. The establishment of a Russian naval base in the Gulf would not only affect the safety of Indian ports and commerce, but would be a standing menace to our communications with India and our Colonies, and must entail a heavy increase in our military and naval responsibilities.

The appointment of a Russian Consul-General to Ispahan, with a large salary and Cossack escort, rendered it necessary to grant to our Consul an improvement in position and emoluments. It also became desirable to place our Consul at Tabreez, the residence of the future Shah, on a footing of some equality with his Russian colleague. The presence of a Russian Consul at Bushire, and the appointment of a Vice-Consul at Mohammerah, attended with persistent efforts to obtain a footing in the Persian Gulf by means of subsidized steamer services and intrigues with the tribes on the littoral,* have necessitated an increase of British Consular appointments in order to render our position in those regions unassailable.

It will thus be seen that, in proportion as the Russian plan of attack has developed, efforts on our part to resist it have become necessary, unless we were content to abandon the struggle altogether, and the increased expenditure on Consular establishments in Persia is, in the main, a result of those efforts.

Whatever exception may be taken to such expenditure, as not warranted by the volume of trade, it is certainly far inferior to that which Russia has considered to be justified for the objects she has in view. The conflict might become less acute if we could establish some working arrangement with her, but the Russian Government have hitherto always objected to anything in the nature of a division of spheres of influence or interest. They have consistently refused to co-operate with His Majesty's Government, even on such questions as the Turco-Persian frontier dispute at Mendali, when they were practically under a Conventional obligation to do so, or the attacks on Europeans at Urumia. Failing some such arrangement, and supposing the Russian tactics to continue, it is scarcely to be hoped that fresh expenditure will not be required in order to maintain in some degree an even front with our rival.

While a portion of the additional expense incurred in Persia during the past few years has been due to the adoption of recommendations made by His Majesty's Minister at Tehran, there is no doubt that most of the increase has been initiated by the Government of India, and this applies especially to the recent proposals which have not yet received the sanction of the Treasury. But it is submitted that such increased expenditure has been rendered necessary in pursuance of the general policy of the Imperial Government, and that it is practically impossible to define

* *E.g.*, a high Russian decoration was recently presented to the Sheikh of Mohammerah.

the exact proportion of responsibility, political and financial, which should be assumed by His Majesty's Government and by that of India for the various measures taken by them jointly or severally in the defence of Anglo-Indian interests in Persia. Those measures have been adopted with mutual concurrence for a joint object, and it is as important for the Imperial Government as for the Government of India that the principle of joint financial responsibility, necessitating previous concurrence in all such measures, should be maintained.

The aims and considerations which influence British policy are defined by Lord Lansdowne in a despatch to His Majesty's Minister at Tehran of the 6th January, 1902.⁽²⁾ The material portions of it are as follows:—

No. 321 (a).

The Marquess of Lansdowne to Sir A. Hardinge.

F.O. Persia 649.

(No. 2.)

Sir,

Foreign Office, January 6, 1902.

[Your recent despatches giving your impressions on the political and financial situation in Persia, and reporting your interviews with the Grand Vizier, have received the careful attention of His Majesty's Government.

They have noted with satisfaction the friendly demeanour of the Grand Vizier, and indications of a desire on his part to return to the confidential relations which existed in former years between the Persian Government and the British Legation.

On the other hand, the refusal of the Persian Government to avail itself of the offer of assistance made by you to the Grand Vizier in the course of Nov[embe]r last, and the peculiar circumstances under which that refusal took place, render it desirable that you should frankly explain the considerations by which the conduct of Great Britain towards Persia has been influenced.]

The policy of His Majesty's Government in regard to the various Persian questions which most interest this country has from time to time been clearly indicated on the occasions when those questions have come under discussion. It may, however, be useful to recapitulate the salient features of that policy in a statement, which you may, at your discretion place before the Grand Vizier and other Ministers of the Shah, or even before His Majesty himself, if a suitable opportunity should present itself.

The Persian Government must be well aware, from the experience of 100 years, that Great Britain has no designs upon the sovereignty of the Shah or the independence of his State. It has, on the contrary, been one of our principal objects to encourage and strengthen the States lying outside the frontier of our Indian Empire, with the hope that we should find in them an intervening zone sufficient to prevent direct contact between the dominions of Great Britain and those of other great military Powers. We could not, however, maintain this policy if in any particular instance we should find that one of these intervening States was being crushed out of national existence, and falling practically under the complete domination of another Power. It would be necessary in that case, before the intervening State had virtually disappeared, to consider what alternative course our interests might demand now that the object to which our efforts had hitherto been directed was no longer attainable.

Applying these principles to Persia, we have long recognized the superior interest of Russia in the northern portion of the Shah's dominions, which must naturally result from the long extent of her contiguous frontier. Whatever steps we may have taken to maintain our position in Northern Persia have therefore been taken as much in the interests of Persia herself and of her national independence as in our own, which are not directly threatened by Russian superiority in those regions, except in so far as it might affect the Persian capital and seat of government.

In the south, on the other hand, for fully a century our efforts have been successfully devoted to building up a substantial and preëminent mercantile position, with the result that we have acquired an altogether exceptional interest in that part of Persia.

Persia herself has benefited immensely by these labours. We have cleared the waters adjoining her coasts of pirates, and have kept them constantly policed. It may be stated without exaggeration that the development of the whole southern trade of Persia is due to British enterprise, and that it is by this agency that Bushire and Bunder Abbas have been converted into flourishing ports.

The system of telegraphs which has been introduced by the British Indian Telegraph Administration, with the permission and assistance of the Persian Government, has tended not

⁽²⁾ [F.O. Persia 649. The text has been checked by the original draft and some corrections made, *v. infra*, p. 371, note ⁽³⁾. It is clear, from the annotations on the draft, that although dated January 6, the despatch was not sent off until January 9 at earliest.]

merely to industrial and commercial progress, but also in a remarkable degree to the consolidation of the Shah's authority over the centre and south of the country.

It cannot reasonably be supposed that Great Britain would abandon a position attained by so many years of constant effort, or would acquiesce in attempts on the part of other Powers to acquire political predominance in the south of Persia. Although, therefore, His Majesty's Government have no desire to obstruct in any way the efforts of Russia to find a commercial entrance for her trade in the Persian Gulf, or to oppose any obstacle to the passage of her commerce from the north for export from Persian ports, they could not admit that such commercial facilities should form the pretext for the occupation by Russia of points possessing strategical importance or for the establishment of such an ascendancy in the south as she already enjoys in the north.

The Persian Government should therefore distinctly understand and bear in mind that Great Britain could not consent to the acquisition by Russia of a military or naval station in the Persian Gulf, for the reason that such a station must be regarded as a challenge to Great Britain and a menace to her Indian Empire.

If the Persian Government were at any time to make such a concession to Russia, it would be necessary for His Majesty's Government to take in the Persian Gulf such measures as they might consider necessary for the protection of British interests: measures which, in view of their naval strength in those waters, would be attended with no serious difficulty.

Nor, again, could His Majesty's Government acquiesce in the concession to Russia of any preferential political rights or advantages, or any commercial monopoly or exclusive privilege in the southern or south-eastern districts of Persia, including Seistan. British interests must inevitably suffer by such concessions, and the Persian Government have themselves recognized and acquiesced in this view on more than one occasion. They gave in October 1897 a written promise to Her Majesty's Minister at Tehran that the customs of Southern Persia should never be placed under foreign control and supervision. When in 1900 the customs revenues were pledged as security for the loan obtained from the Russian Banque des Prêts, a special exception was made of the revenues and ports of Southern Persia, and when Her Majesty's Chargé d'Affaires in April 1900 called the attention of the Persian Minister for Foreign Affairs to the interest which the British Government had in the ports of Mohammerah, Bushire, Bunder Abbas, and other ports of the Persian Gulf, and insisted on the right of Her Majesty's Government to be consulted before any change was made in the administration of the Customs at Mohammerah or in the position of the Sheikh, his Excellency replied that not only in Mohammerah, but in every part of Persia where British interests were concerned, the Persian Government, before taking any steps of importance, would consult the British Government. His Majesty's Government have taken note of this assurance with satisfaction, and have only to add that a hypothecation of the internal revenues of any of the southern or south-eastern provinces of Persia as security for a foreign loan would be even more detrimental to Persian interests, and not less objectionable from a British point of view than that of the Customs of the southern ports.

As regards railways, I may remind you that in March 1889 the Shah of Persia gave a distinct promise in writing that Great Britain should have priority in the construction of a southern railway to Tehran; that if concessions for railways were given to others in the north a similar concession should be granted to an English Company in the south; and that no southern railway concession should be granted to any foreign Company without consultation with the British Government. This pledge was brought to the notice of the present Shah in April 1900, and was acknowledged by His Majesty to be of continued and binding validity.

As regards Seistan, I have quite recently, in my despatch of the 9th July, 1901, directed you to call the attention of the Persian Government to the interest which this district has for Great Britain on account of its proximity to India and its position on an important trade route between India and Persia, and to state that we regard it as of the utmost importance that it should remain free from the intrusion of foreign authority in any shape.

In all these matters His Majesty's Government have consistently sought to maintain the continued national existence and the territorial integrity of Persia, and to develop her resources. Their policy in this respect is in strict accordance with the understanding arrived at between Great Britain and Russia in 1834, which was reaffirmed by an exchange of assurances in 1888, pledging the two Governments to respect and promote the integrity and independence of Persia. So long as the Persian Government will work with us cordially upon the lines indicated in this despatch, they will find His Majesty's Government ready to support them in the promotion and protection of what are, in fact, common objects, to the advantage of both countries alike.

If, on the other hand, in the face of our warnings, the Persian Government should elect to encourage the advance of Russian political influence and intervention in these regions in any of the forms which I have indicated above, His Majesty's Government would necessarily have to reconsider their policy; and they would regard themselves as justified in taking such measures as might appear to them best calculated to protect the interests so endangered, even though in the adoption of such measures it might no longer be possible to make the integrity and independence of Persia their first object as hitherto.

[In any conversations which you may have on the subject, you will be careful to state these views in the most friendly and conciliatory language, and to avoid anything which might

bear the appearance of menace or suggest the idea that we are at present suspicious as to the intentions of the Persian Government. You should, in particular, make it clear that no new departure is contemplated by His Majesty's Government, and that we desire, on the contrary to reaffirm as strongly as we are able a policy which has for many years past guided the Government of this country in their dealings with the Persian Government.](³)

I am, &c.

LANSDOWNE.

On the 5th May, 1903, Lord Lansdowne stated in the House of Lords that our policy in the Persian Gulf was to protect and promote British trade in those waters, and that, while our efforts were not directed towards the exclusion of the legitimate trade of other Powers, "we should regard the establishment of a naval base or of a fortified port in the Persian Gulf by any other Power as a very grave menace to British interests, and we should certainly resist it with all the means at our disposal."⁽⁴⁾ The realization of such a contingency did not at that moment appear probable, but when, in January last, it was thought possible that the Russian Baltic squadron might attempt to enter Chahbar, His Majesty's Government decided that they would, if necessary, inform the Russian Government that we should regard any Russian occupation of that port as an unfriendly act.

At a meeting of the Committee of Imperial Defence held on the 22nd March of this year the following conclusions were reached:—

1. It is essential to maintain, and if possible to increase, our influence in Tehran, in order that we may be able to control railway construction in Persia, which is by far the most important factor in the strategic situation, and also for commercial reasons.
2. It should be our object, on commercial as well as on strategic grounds, to maintain the *status quo* in Persia.
3. It is essential to maintain our existing claims on the coast of the Persian Gulf without aggression or ostentation.

Various measures, in addition to the increase of our Consular establishment, have been adopted in pursuance of this policy. In April 1903 we advanced a sum of £200,000, and in September 1904 a further £100,000, to the Persian Government through the Imperial Bank of Persia. The Government of India provided the money for these advances, but half the risks both as regards capital and interest is borne by His Majesty's Government. The loans are secured on the revenues of the Caspian fisheries, with the postal and telegraph revenues and the Customs of Fars and the Persian Gulf as subsidiary securities. But as the first two securities barely cover the loan of 1903, our last advance is wholly secured on the Gulf customs. We are prepared to advance a further £200,000 on certain conditions.

We have sought to foster British trade and influence by every means at our disposal. We have encouraged by moral or financial assistance such enterprises as the Bakhtiari road, uniting Ahwaz with Ispahan, the navigation of the Karun, and the efforts of the Persian Transport Company to improve communications in Central Persia. We have given the Imperial Bank a full measure of support and have assisted them to establish their agencies in provincial towns. We have extended the net-work of our Indo-European telegraph system. Various projects in a similar sense, such as the formation of a native police to assure the security of the southern roads, are still under consideration.

(³) [The last paragraph and the other passages in brackets were not in the text of the despatch as quoted in the memorandum. They have been added by the Editors, as they appear in the original draft.]

(⁴) [Parl. Deb., 4th Ser., Vol. 121, p. 1848.]

A despatch of the 10th July and a private letter of the 2nd October from Sir A. Hardinge, giving his views on the policy to be pursued in the future, are annexed as Appendices to this Memorandum.

Foreign Office, October 31, 1905.

APPENDIX (A).

No. 321 (b).

Sir A. Hardinge to the Marquess of Lansdowne.⁽¹⁾

F.O. Persia 699.⁽²⁾
(No. 126.) Confidential.
My Lord,

Gulahek, D. June 10, 1905.
R. July 8, 1905.

I had the honour to receive by last messenger Your Lordship's despatch No. 67 of April 26th, enclosing a report of the proceedings of the Committee of Imperial Defence on the subject of Persia and of the remarks made by Your Lordship and the Prime Minister respecting the various points discussed on that occasion.

I observe that Your Lordship stated that with a view to putting an end of the chronic diplomatic contests at Tehran, overtures had been made to the Russian Government for the partition of Persia into spheres of influence, but that these suggestions had been declined.

I trust that I shall not be deemed officious, my opinion on this matter not having been invited, if I venture to submit that no agreement with Russia on the basis of a partition of Persia into "spheres of influence" is practicable—bearing in mind that such spheres in a decadent Eastern Kingdom tend to become, sooner or later, to all intents and purposes, protectorates—unless it provides for the inclusion within the Russian sphere of a portion of the coast of the Persian Gulf, a concession which all past British Governments have regarded as inconsistent with the vital interests of our Indian Empire. It may indeed be doubted whether Russia would regard as satisfactory any partition which finally excluded her from access to the Indian Ocean across Khorassan and Persian Baluchistan, though she might conceivably be satisfied, at least for a time, with the control of the coast line of Arabistan from Mohammerah to Bunder Dilam or Bushire, in return for an undertaking on our part not to use our paramountcy further east in order to fortify Ras Musandim or the opposite islands of Hormuz, Kishm, and Henjam. Her object being to reach the warm water she can never willingly acquiesce in an arrangement which would definitely frustrate it by substituting on the shores of the Persian Gulf the vigorous grasp of Great Britain for the weak and tottering authority of the Shah.

I have, however, always felt, since I have given my mind to the study of the affairs of this country that an understanding with Russia about Persia resting on a different basis though undoubtedly difficult, was not necessarily impossible of attainment.

The consistent policy of Russia in Persia has been gradually and imperceptibly to establish a "veiled protectorate" by subjugating it commercially and financially; isolating it as far as possible from all contact with foreign influences; appropriating its revenues as the security for political loans; preventing it from progressing or developing its resources, except through Russian agencies; and then, having reduced the Shah to a state of complete vassalage and impotence, to rule through him and in his name, by means of authoritative Russian advisers, from the Caspian Sea to the Gulf and from the Turkish to the Indian frontiers. The loan contract of 1900, which made Russia the sole purveyor of money to a bankrupt, corrupt, and spendthrift Court, seemed to have brought her within measurable distance of this goal. There was of course always a slight danger that the Shah might resent the process described above, but in this event she could always count on bringing him into line by a stoppage of supplies, whilst her grip on Khorassan and Azerbaijan, and her power of raising troubles in those provinces as a pretext for intervention, were unailing means of successful intimidation. There was, and is still, the greater danger that the Persian priesthood and people might attempt to rebel against the alienation of the national revenues and practical sale of the country merely to minister to the amusements of a worthless Prince, but in that case there seemed every probability that an armed interposition by Russia to support the Kajar Dynasty, as we supported that of Mohammed Ali at Cairo, would secure to her as effective a control over Persia as Great Britain now possesses over Egypt.

The one obstacle to the realization of this programme was the possible opposition of Great Britain, but M. Vlassoff, my late Russian colleague, who discussed Persian affairs very freely with

⁽¹⁾ [*cp. below, pp. 422-3, No. 381; Sir C. Spring-Rice to Sir Edward Grey, Despatch No. 4 of January 3, 1907, R. January 21.*]

⁽²⁾ [The text of this despatch has been checked by the original, and a minute by Lord Lansdowne added.]

me, used to say that the advocates of the Russian forward policy in the Middle East placed all their hopes in the event of a Liberal Government in England and could continue to play a waiting but steady game till that event, which was certain sooner or later to come about, nor was I ever able to convince him that on questions of Imperial, and especially Indian, interests the leaders of both our great parties were now agreed.

It may, however, be assumed that the Russian Government now recognizes that it will not be allowed by us to have its way in Persia, and that the advances which we have made and can continue in various ways to make to the Shah through his State Bank, have broken the back of the financial monopoly and control, with all its far reaching results, which Russia fancied her loan contracts had given her. Further that the decision come to by His Majesty's Government to meet any military move which she may make in northern Persia by a corresponding counter-move in the South and East precludes a repetition by England of the rôle played by France during the Arabi rebellion, should Royal extravagance and national insolvency, combined with internal misgovernment and foreign interference in the administration of the revenues, produce the same consequences in Persia as in Egypt and culminate in a fanatical revolt.

It appears to me therefore within the bounds of possibility that once the conflict in the Far East is over, leaving Russia as it must, materially weakened for many years, a recognition of the above facts may induce a reconsideration of her Persian policy, on the lines of some attempt at a provisional understanding with Great Britain, such as that foreshadowed in Your Lordship's conversations with Count Benckendorff during the period which immediately preceded the outbreak of the Japanese war. Russia would not of course finally renounce her aspirations with respect to the Persian Gulf: she would continue to cherish a hope that altered circumstances and perhaps a readjustment of the political forces in Asia due to the entry on the scene of Japan as a Great Power and to the awakening of the Mongolian world, might, in the course of the present century, modify British policy and remould British views on this subject. She would merely recognize that the realization of her aims in the Persian Gulf, like that of her views on Constantinople, must be for the present deferred and would desist from aggressive steps such as the establishment of Consulates, political Banks, and subsidized steamer services in Southern Persia for the purpose of hastening their accomplishment. It might be possible to make her see that if the Shah is allowed to drift on into total bankruptcy by playing on the jealousies of his neighbours and spending political loans advanced first by one and then the other, a crisis must before long supervene, perhaps before she herself is ready for it, which may necessitate active foreign intervention or at least a discussion, however unwelcome to her, as to the future of Persia, with Great Britain, and that the more prudent course, even from the point of view of Russian interests, would be that the British and Russian Governments should come beforehand to some arrangement, like the Austro-Russian understanding respecting the Balkans, for preventing a cataclysm in this country. In other words that both Governments, convinced that a collapse of the Persian Monarchy from internal weakness, is under present circumstances undesirable, and a forced partition of Persia even more so, should agree to co-operate as Austria and Russia have done in the case of European Turkey, for the provisional but effectual preservation of the Shah's Empire as a neutral State in which both have equal interests. To this end it would be necessary that both should agree on a simple programme of elementary reforms in the internal constitution of Persia and should unite to impose the application of this antiseptic treatment, whether the latter liked it or not, on the Persian Government.

It would be beyond the scope of this despatch, which deals only with general principles, to examine the various measures for the reorganization of the Persian finances, army and administration of justice, which such a programme ought to include and which would undoubtedly present many practical but not necessarily insuperable difficulties. I merely submit that the only alternative to the continuation by the two powers of a policy of constant rivalry which must sooner or later precipitate an acute crisis in Persia leading either to war or to a division into spheres of influence, is an agreement between them on the lines of the Mürzsteg understanding, having for its immediate object the postponement by common action of such a crisis. The basis of the agreement would be, I need hardly say, not any partition of Persian territory into opposite spheres of influence, in which Russia could not acquiesce without abandoning her aspirations as regards the Gulf, but a partition of influence, and control at Tehran for the purpose of arresting the further decomposition of Persia and thus deferring her otherwise inevitable break up, and as its consequence the final cutting off of Russia, unless she is prepared to fight England for it, from access to the shores of the Gulf and Indian seas.

I would again express the hope that in indicating my views on this important subject I shall not appear to have exceeded the limits of my province by presuming to volunteer uninvited opinions with respect to larger issues lying strictly speaking beyond it. My excuse if I have done so must be that British officers in Persia and Central Asia are often brought into contact with cruder and franker expressions of Russian views and aspirations than those formulated by the cautious and conciliatory statesmen who serve as the mouth-pieces of Russian policy in London and St. Petersburg. At the latter Courts the European, here in Asia the Tartar head and beak of the Russian double eagle are most plainly visible, and it may not be amiss that as His Majesty's Representative in Persia I should, even without instructions to do so, lay before Your Lordship what I believe to be the only principles on which an understanding with Russia

as regards our common interests in the middle east is feasible. I would repeat that I do not regard such an understanding as by any means easy but I am not certain in view of recent results of the forward policy of Russia in Manchuria and of the lesson which those results must have taught that it need be dismissed *à priori* as inherently impossible.

I have, &c.

ARTHUR H. HARDINGE.

MINUTE.

I am not very sanguine as to the possibility of an arrang[emen]t with Russia for a joint applic[atio]n of the proposed antiseptic treatment. Would English and Russian officials be likely to interpret it in the same manner? The appeal to the Mür[z]steg scheme as an exemplar is not felicitous.

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APPENDIX (B).

No. 321 (c).

Sir A. Hardinge to Sir T. Sanderson.

My Dear Sanderson,

7, Lower Berkeley Street, London, October 2, 1905.

I return the papers you sent me respecting (1) the Consular establishment in Persia and its cost; (2) the "General question of policy."

On the first you do not I gather desire from me any observations as a Report by the Department is to be prepared. The question is mainly a departmental one, as to the respective shares of expenditure, as between the Treasury and India Office. From my point of view the more Consulates are run by India the better, as it is far easier to get the Government of India to sanction necessary expenses than the home Treasury. India would never, if it was responsible for Mohammerah, have refused the Consul there the launch for which we asked, and the contrast between Meshed and Tabreez, which I successively visited this autumn and last, is very instructive. The former is very smartly kept up, and Sykes gets nearly £2,000 a-year, while his colleague at Tabreez cannot make both ends meet or live on his salary, much less make the display which he ought at the Valiahd's Court. The only suggestion I should make is that when Shiraz is next vacant it should be transferred to India in exchange for Kermanshah.

As to the general question raised in the Indian Government's letter of the 17th August, I have fully explained in my Reports from Tehran my ideas as to the policy which should be adopted, and these ideas have so far commended themselves to Government that they have been in part acted upon, though some of them, such as the acquisition of a control over the Imperial Bank, and a countermove in South-Western as well as in South-Eastern Persia in the event of a Russian invasion of the north have been considered impracticable. It appears to me that there is not much difference in principle (though some in detail) between the views held by the Government of India, which are practically identical with those which I have ventured to submit, and the policy now definitely formulated in London; the main difference is that the Home Government having to take a wider and less local view of the situation in Persia, and of the practical possibilities, in relation to our duties and engagements elsewhere, is inclined to reduce or limit the scope of its contingent action, excluding from it certain areas such as the Bakhtiari country and Ispahan, whose inclusion in it the Government of India was disposed to favour. Since this question was first raised, the Asiatic situation has been so modified by recent events as to make it still more difficult for a person, like myself, acquainted only with its Persian aspect, to offer any fresh remarks of utility; but the danger of a financial and political collapse in Persia itself, which may revive it in a practical form, has certainly become more real, or at least has grown nearer, owing to the Ain-ed-Dowleh's failure to reform the finances and stop the increase of the debt. This danger may become acute at a very early date if the Belgian administration, on which the payment of the Russian and English loans depends, is overthrown and the clerical party led to deem itself irresistible.

I have, &c.

A. H. HARDINGE.

No. 322.

Sir A. Hardinge to Sir Edward Grey.

F.O. 971/102.

Separate and Confidential.

London, D. December 23, 1905.

Sir,

R. January 3, 1906.

It was thought desirable by your predecessor that I should, on relinquishing my duties as His Majesty's Minister at Tehran, draw up a report, which would be useful to my successor, dealing with the present condition of Persia, as well as with

the principal concrete questions affecting British political and commercial interests in that country. It is difficult to compress within brief dimensions a review of this nature, but it will be my endeavour to treat these various subjects as concisely as is consistent with lucidity, and I shall begin by summarizing the main elements in the Persian political situation, which will necessitate a recapitulation of some of the chief events of the last few years.

Financial Position—Loans.

The integrity and independence of Persia, the maintenance of which may be regarded as the main object of our diplomacy at Tehran, has of late years been threatened by two principal dangers; the first, the acquisition by Russia of an absolutely predominant influence over the Persian state, and the second, the latter's internal decomposition, due mainly to the weakness, extravagance and financial exhaustion of its government.

The former of these two dangers has, owing to the present condition of Russia, ceased, for the immediate present, to be threatening, but the second has within the last year or two shown signs of increasing, and unless something can be done to arrest it, an acute internal crisis in Persian affairs cannot, I think, long be delayed. Its primary cause, though deeper ones lie of course below it, is the personal character of the Shah.

Muzaffer-ed-din Shah is probably the only Prince of the Kajar dynasty, who has shown conspicuous incapacity for the rôle of an autocratic monarch. Naturally kindly and well-meaning, but weak, capricious, and almost totally uneducated, he had lived for more than fifty years, before he came to the throne, in seclusion at Tabreez, as nominal Viceroy of the great Province of Azerbaijan, yet without any real control over its affairs, which were managed by his Vizier, under direct orders from Tehran. He was often kept so short of money there that he had difficulty in paying the expenses of his household; and accordingly, when he ascended the throne, he hastened to recoup himself for these years of leanness by inconceivably reckless extravagance. In this course he was supported and encouraged by a gang of greedy and ignorant Turkish courtiers, who had long been waiting impatiently at Tabreez for his father's death, in order to build up out of the public revenues, to the plunder of which they looked forward, immense private fortunes for themselves. These men had no notion of politics, or of the rudiments of government; their one idea, whilst ministering to the weaknesses and vices of their sovereign, was to kill and cut up the goose with the golden eggs. It was as though Henry V, on ascending the throne of England, had handed over to Falstaff and Poins the control of the national Exchequer. . . .

Probable Attitude of Russia and England in the event of a dissolution of the Persian State.

Assuming that such a collapse were to take place, the question next arises as to what would be the attitude of the two neighbouring Powers, Russia and Great Britain, both of whom are for different reasons deeply interested in the future of Persia. It appears to me evident that the Russian government has long foreseen this eventuality and has shaped its policy in preparation for it. For many years it has done all it could to discourage any measures, which could contribute to the stability or progress of Persia. It has prevented the introduction of railways. It has encouraged the extravagance of the Shah by the facility with which it has granted loans, knowing that he would squander them, and has steadily declined any co-operation or even discussion with England as to the best means of preventing a financial breakdown. It has in fact counted on being able, if the Persian Government became bankrupt, and if as a consequence disturbances broke out through the country, to send a military force across the frontier and re-establish

single-handed the authority of the Kajar dynasty, just as we did that of the Khedives in Egypt at the time of the Arabi rebellion. The effect of such a military intervention would, it doubtless foresaw, secure for Russia a position in Persia analogous to that obtained by Great Britain in Egypt, and the Shah, restored by Russian bayonets would become a mere puppet in the hands of a Russian Resident at Tehran.

His Majesty's Government, alive to this danger, decided, after full consideration of the question, that in the event of internal disturbances in Persia, the isolated action of Russia could not be acquiesced in, and that if, on whatever pretext, Russian troops were to enter Azerbaijan or Khorassan, a corresponding step should be taken by the Government of India in Seistan, or in the Persian Gulf, or in both. The occupation by British troops of Seistan, of Bunder Abbas, and of Bushire would not, in the plan contemplated by them, have assumed the character of a demonstration against Russia. On the contrary it would have been plausibly represented to her as a measure of co-operation, both powers interfering simultaneously, and if Russia were willing, in concert, to defend their respective interests and maintain order in the regions adjacent to their respective frontiers, in view of the inability of the Persian Government to protect them adequately itself. Inasmuch as one of the great objects of Russian policy is to penetrate to the Persian Gulf and the Indian Ocean after gradually converting Persia into a Russian Egypt, it is obvious that a British occupation of either Seistan, lying as it does across the only route from Meshed to the Indian Seas, or of the principal ports of southern Persia, would defeat that object, and would compel the Russian Government to discuss the Persian question with England, and submit to its solution by some compromise acceptable to her.

Although the Russian Government has not been directly informed of this intention on our part, it is probably well aware of its existence, for I was authorised to state to the Amin-es-Sultan in the summer of 1903, when there was talk of a Russian intervention to suppress revolutionary disturbances at Tabreez that any entry of Russian troops into Persian territory for such a purpose would oblige us to take identical measures in the South and East, and I am pretty certain that this information was communicated to the Russian Legation. A similar communication was made by me to the Ain-ed-dowleh, when that Minister assumed office a few months later, and I cannot but suspect that the conviction entertained at St. Petersburg that we should not permit Russia, in the event of a rebellion or civil war in Persia, to pacify the country single-handed, may have combined with other considerations to determine the overtures made by Count Benckendorff to your predecessor just before the outbreak of the Japanese War for some *modus vivendi* as regards the Middle-Eastern question.

Possible Anglo-Russian Understanding.

The outbreak of the War in the Far East put an end to the exchange of views between the Russian and the British Governments on this question before it had got beyond the academic stage, but with the conclusion of peace, the possibility of some such understanding has again been tentatively discussed, and His Majesty's Ambassador at St. Petersburg informed me a few weeks ago that, whilst he deemed it unwise for us to display any eagerness to effect a settlement, and thought that the time had hardly yet come for it, he did not believe that it need in itself present any very great difficulties.

My own view has always been that the only basis on which such a settlement could be effected, would be not a partition of Persia into rival spheres of influence, which would mean sooner or later an English Protectorate over the South and the definite abandonment of Russia's aspirations to reach the open Ocean, and would therefore be unacceptable to her—but a suspension of the diplomatic conflict, which has so long raged between the two Powers at Tehran, and an understanding on the

lines of the Austro-Russian Agreement, respecting the Balkan Peninsula that both should combine to preserve the existence of Persia as a neutral state, by imposing on the Shah such a simple scheme of financial and administrative reform, as would avert or at least for the present delay the dissolution of the Persian Monarchy.

In the present condition of Russia, any serious negotiations for the attainment of this object are obviously difficult, and could only be entered upon, when some more stable Russian Government has been evolved out of the existing chaos. But, although the internal situation in Persia is growing rapidly worse, some years appear likely to elapse before an active intervention on the part of her neighbours becomes inevitable, so that there is still time for careful consideration of the best methods for dealing with the crisis when it actually arrives. Some persons believe that the death of the Shah and the accession of the Vali-Ahd, who is stronger and a good deal more avaricious, might at the last moment avert it. Personally speaking, I feel little confidence in the capacity of any prince of the Kajar dynasty to carry through unaided the radical reform essential if the country is to be set on its feet again. This dynasty, as always happens after a few generations in the Mahomedan East, with the single exception of Turkey, (an exception due in my belief to the peculiar marriage customs of the house of Othman), has become degenerate and effete, and commands neither affection nor respect in any large section of the Persian population. It would, in fact, in all probability have been overthrown before this, like those of the Zend, of Nadir Shah and of the Sefawis, but for the knowledge that any insurrection against its authority would bring about the armed intervention of Russia or Great Britain, or both, for the preservation of the *status quo* in Persia.

I have tried in the foregoing pages to indicate as clearly as possible the outlines of the Persian political situation in its bearing on the internal condition and foreign relations of the country. I now proceed to deal with concrete British interests, chiefly commercial, in the Shah's dominions.

[I have, &c.]

A[RTHUR] H. H[ARDINGE].

No. 323.

Memorandum communicated to the Persian Minister.

F.O. 371/103.

Foreign Office, January 11, 1906.

It would seem from the communications which the Persian Minister has made to Sir Edward Grey that some apprehension exists at Tehran that the policy and sentiments of the present Ministry are less favourable to the Persian Gov[ernmen]t than those of their predecessors. There is no ground for this impression and the Persian Minister is authorized to assure his Gov[ernmen]t that the sentiments of Sir Edward Grey and his colleagues do not differ from those entertained by the Marquess of Lansdowne and the late Cabinet.

Sir Edward Grey thinks it right however to observe that there seems to have been of late more difficulty than usual in obtaining a satisfactory settlement of various matters on which it has been found necessary to address representations to the Persian Gov[ernmen]t.

Foreign Office, January 11, 1906.
