IRAN: POINT OF WORLD INTEREST

INTRODUCTION

The strategically situated and oil-rich Middle East country of Iran has been very much in the news lately. Prominent newspaper headlines have labeled the area one of the “danger” spots to international peace. Dispatches from the capital city of Tehran have reported the rise of an intense antiforeign sentiment, particularly against Great Britain, but against the United States as well. To date, two outstanding Iranian Government officials have been assassinated, others have been threatened, and a number of antiforeign parades and demonstrations have broken into bloody riots.

In the midst of this turmoil, the Soviet Union—Iran’s strong neighbor on the north and for centuries a traditional enemy—has been exploiting the situation for her own benefit mainly through the Communist-controlled clandestine Tudeh Party.

What is happening in Iran?

The convulsions that take place in a country cannot be readily understood without a knowledge of the country and its people. It is true that Iran is displaying an intense and narrow nationalism. But why the rise of such a nationalism in a period of world history when most nations believe security and well-being depend on cooperation and interdependence?

To answer that question and to present a brief background summary of Iran and the forces which give her such a prominent place in international affairs are the purposes of this pamphlet.

First, however, it should be said that no responsible U.S. Government official minimizes the dangers inherent in Iran. These dangers come from two important factors: Iran’s position on the map and Iran’s oil industry—the fourth largest in the world.

As to the first factor, a look at the accompanying map makes it clear why Iran has long been a pivotal point in Soviet Russia’s dream of expanding her influence over the Middle East. Moreover, with Iran back of the Iron Curtain, Soviet power would be on the Indian Ocean and at the gates of the Indian subcontinent.

As to the second factor, today Iranian oil runs a sizable segment of Western Europe’s vast industrial plant. The loss of this oil to the markets of Europe would severely tax the other oil resources of the free world and might cause temporary economic dislocations of considerable import.

Oil to a large extent sustains the economy of Iran. Thus it has become a key prop in the nationalist movement which culminated in the Iranian Parliament’s vote in March of this year to nationalize the country’s oil industry.
Since the British Government owns the majority stock in the Anglo-Iranian Oil Company, Iran's sole oil producer, the carrying out of this nationalization order has put a severe strain on relations between the two nations. But the controversy, because of the international importance of Iran's oil, is a worldwide problem, affecting not just the relations of Iran and Great Britain but the interests of free nations everywhere.

However much oil has become an instrument to Iran's present nationalism, the roots of that nationalism are not in oil but in the land, the people, and the historic forces which have shaped the Iranian character.

THE LAND

Ribbed by waves of mountains, Iran is a high plateau jutting down from the Caspian funnel of the U.S.S.R. and spreading wide and barren toward the South Asian subcontinent. Aptly called a "bridge" from that subcontinent to the lands bordering the eastern Mediterranean, the country is of considerable dimensions—some 620,000 square miles, about a fifth the size of the United States. Largely barricaded from her neighbors by high mountain ranges, Iran is also sectioned off internally by short mountainous spurs which create a natural isolation for the many villages and tribes that dot the country.

A beautiful land, Iran is also a hard one. One-half of it is arid or semi-arid. The rest is about equally divided between cultivable land and grazing areas. Temperate except in the southernmost regions and along the Caspian Sea, Iran could, with a modern public health program, support a very healthy people.
THE PEOPLE

Most of Iran's estimated 17 million people are of Indo-European stock. The majority of them speak Persian, with an admixture of Arabic. A considerable number (some 25 percent) make up an influential Turki-speaking minority. Concentrated in the northwest corner of the country, in Azerbaijan, this Turkic-speaking group has its own traditions, customs, and beliefs and is extremely proud of the number of notable public figures it has contributed to the national government.

The great majority of Iranians live in small villages or are members of migratory tribal groups. But the country has eight cities with a population of 100,000 or more, including Tehran with nearly a million people. Of the population as a whole, about one-third is composed of tribal groups, many of them migratory and all enjoying some degree of autonomy. This independence, coupled with the fact that the nature of the country's terrain has kept him isolated, even from the people in the next valley, has given the average Iranian a deep sense of family and tribal loyalty. He is apt, if he is a tribesman, to speak of himself first as a Kurd, Qashqai, Hazara, or Turkmene, for example, and second as an Iranian: if from a city, as an Isfahani, Shirazi, or Tehran.

Despite their ancient prowess as warriors under Cyrus (who subdued all of Asia Minor from India to the Mediterranean), Darius, and Xerxes, their modern reputation as makers of fine rugs, and their rich oil fields, the Iranian people are, overwhelmingly, engaged in agricultural pursuits.

If he is a member of a migratory tribe, an Iranian will travel from pasture to pasture land, living in the open or in poorly built huts. It is a hard, precarious life which provides only a bare living for himself and his family.

If he is a tenant farmer (80 percent of the farmers are tenants), his life is equally hard and meager. His farming methods have changed little from those used centuries ago. His exhausted land is badly in need of fertilizer—but he must use the manure for fuel. So much of his meager production goes for taxes, rent, or other imposts that he has little incentive to produce more. Yet the Iranian farmer has proved that with guidance and assistance he can better his lot immeasurably, greatly increase his production, and thus add to the stability of his village and nation.

Like his agrarian counterpart, the average city Iranian is a Moslem and an individualist. He is mentally quick, imaginative, and intelligent—even though he may be illiterate. Some 85 percent of the people can neither read nor write, yet they are acquainted with the past political, literary, and religious histories of their country.

With the exception however of members of a few thousand families who constitute the country's ruling class, most Iranians have little or no interest in the outside world itself. Indeed the average Iranian's isolationism is confining enough to make him somewhat suspicious of anyone outside of his own village or tribe. In the cities this isolationism is not so confining.

ROOTS OF NATIONALISM

Iranians cite a long history of examples to indicate that little may be gained in contacts with peoples outside of their own borders. Though this history goes back to the times of the invasions of Alexander the Great and the Roman Empire, to Genghis Khan and Tamerlane, it has been the foreign invasions and influences of the twentieth century which have nurtured the roots of today's nationalism.

During World War I, Iran was a battlefield for British, Russian, and Turkish troops. Shortly before that, in 1907, the country was divided into two spheres of influence—British in the south, Russian in the north—with a neutral zone in between. In World War II, Iran was a vital link in the Allied supply line for millions of tons of war equipment to the Soviet Union, even though Iranians, in the main, were more or less spectators to the great conflict.

The influx of so many foreign troops brought to Iran a near-crippling inflation, with prices of some commodities increasing as much as...
Moreover Soviet troops in the northern province of Azerbaijan not only refused to withdraw from the country after the war but backed a Communist revolt which set up a pro-Soviet regime in that area. United Nations action—supported strongly by the United States—finally forced the Russians out, and the Azerbaijan regime collapsed. But to many Iranians this was another example of what to expect from foreigners.

Responsible Iranian political figures realize that the mere geographic position of their country makes it impossible for Iran to remain outside of the main body of contemporary history. But extremist groups, from the terrorist Fadayan Islam to the Communists, are trying to channel Iranian isolationism into a hypernationalism by blaming the dismal poverty of most of the people on foreigners, principally the foreigners who have exploited Iran's oil fields.

GOVERNMENT

It is under these nationalistic pressures that Iran's present Government has to operate. At the same time a growing segment of enlightened Iranians, like peoples all across the vast face of Asia, believe that the poor state of their nation's economic status is not a necessary condition. The living standards of the Iranian people—standards which are now among the lowest in the world—can be changed.

The man who did much to awaken the Iranian people to this fact was Reza Khan Pahlavi, a former Persian officer who rose to power and was named Shah by a special Constituent Assembly in 1925. The Shah sought to stimulate the growth of industry and teach his people the industrial and agricultural techniques of the West.

Reza Shah did not complete his program, but he did plant the idea. He himself, after the outbreak of World War II when he proclaimed a neutrality which weighed heavily toward the Axis, was forced to abdicate in favor of his son, Mohammad Reza Pahlavi, the present Shah.

A constitutional monarchy with a parliament and a cabinet, Iran has yet to develop an important corollary to its form of government—strong political parties. A working majority within the Government is likely to be formed on the basis of friendship and family ties which, in the Iranian mind, may far outweigh a political issue. Such alliances have hampered the administration of Government business and held up much needed legislation and many reforms.

Since nationalism is the driving political force in present-day Iran, most political groups espouse this doctrine in some form. The extremist groups try to outdo each other in fervent antiforeign programs. The Shah himself is representative of a moderate group who believe that the well-being of Iran depends on—

1. An active participation on the part of Iran with the free nations of the world.
2. A broad internal program of social and economic reforms.

Of all the extremists, the Tudeh (Communist) Party, though on the surface outlawed, is the most disciplined group in the country. Despite the fact that its over-all direction comes from Moscow, Tudeh has been one of the most violent leaders in the nationalistic movement. Iranians, being intensely religious and individualistic people, have no use for communism's atheism, but Tudeh has gained adherents by constantly exploiting the desperate poverty of the great majority of the people—which is real enough—and by focusing the reason for this condition on the Western exploiters of Iran's oil.

ECONOMIC DEVELOPMENT

By Western standards Iran is economically a backward nation. Yet the potentials of its land and the intelligence of its people could give Iran, with proper guidance and leadership, a healthy national economy.
Resources

Unlike some other countries which need economic development to raise their standards of living, Iran has in the wealth of her oil fields the means to help her people. A large percentage of the Government’s revenue has come from oil royalties. Although the greater part of these royalties is earmarked for the country’s economic development, the use of this wealth to fuller advantage awaits the building of a corps of competent technicians in the broad fields of engineering, medicine, agriculture, public health, labor, law, education, and management planning.

Oil is the only one of Iran’s natural resources which has been surveyed comprehensively. However, there are known deposits of coal, chrome, iron, copper, lead, sulphur, antimony, nickel, and red oxide.

Industry

Industrially, Iran made a start under the expansive ideas of Reza Shah. The Government not only encouraged the building of many factories but itself built a sizable number, principally for sugar refining, metal processing, and textile manufacturing. Iran today imports much of her textile needs, but her factories turn out some 20 million yards of cotton, wool, and silk cloth annually.

A third of the country’s industrial workers—about 70,000 men—are employed in the production of oil, 68,000 others in factories of all kinds, and 18,000 in rail transportation. The biggest section of the labor force—100,000 people—work at the making of Iran’s famed rugs.

Agriculture

With about 80 percent of her people engaged on the land, it is in the field of agriculture that some of Iran’s prime reforms must be made. The need is great for training in such fundamentals as modern irrigation, erosion control, crop rotation, etc. Today Iran’s yield in such a basic crop as wheat, for example, is pitifully low. Yet the Iranian farmer has demonstrated just what he can do with a little help and proper guidance. Under the leadership of the Near East Foundation, a private U.S. philanthropic institution, the villagers of Mamanz doubled their grain yields, more than doubled the yields of other products, and, by the use of DDT, saved a melon crop which was almost sure to be destroyed by pests. Today, the people of Mamanz have developed an amazing show of confidence and hope, vitally necessary factors for the well-being of the Iranian people.

The Mamanz project was started with the relatively small amount of $20,000. Since then, the Iranian Government, impressed by the results, has contributed $400,000 to the work of the Near East Foundation. To promote such projects further, Iran signed a Point Four agreement with the United States for an integrated rural-health, agriculture, and education program. Groups will work throughout the country giving demonstrations on simple modern techniques for the improvement of the people’s everyday life. The program for the fiscal year 1951 is being financed by $3,677,000 from the United States and substantial funds from the Iranian Government for local facilities.

Today the average Iranian farmer, who, besides his own foodstuffs, raises commercial crops of cotton, sugar beets, and opium, lives on less than 2,000 calories a day, as compared with a United States average of 3,200 calories. But with the aid of such projects as the Point Four Program, it is estimated that he can double not only his present crop yield but also his arable land as well.

But the need for land reform is great. An impetus toward this was recently put forth by the Shah himself when he made available to small farmers thousands of acres of his private holdings.

Health

Together with agricultural reform, a prime need for Iran’s successful economic development is scientific knowledge for the treatment

1 Peda take 15 percent of Iran’s annual crop production.
and control of a wide variety of diseases. Malaria—which infects 23 to 35 percent of the population—tuberculosis, diphtheria, trachoma, and venereal diseases are all complicated by widespread and endemic malnutrition. There are only about 2,500 hospital beds in the country, half of them in the capital city of Tehran. There are far too few doctors and nurses even to begin to care for all the sick.

**Transportation and Trade**

Before the war Iran made large-scale efforts in the construction of highways, ports, railways, and power plants. The war stimulated these activities, but Iran's transportation system suffered hard use as the Allies rushed war supplies across the land and on into Russia. Today the country has only 2,000 kilometers of integrated railway lines. Her highway system is barely adequate for present needs and wholly inadequate for an expanding economy. Outside of Tehran, there are few broadcasting facilities.

On foreign trade Iran has a decidedly unfavorable balance, the deficit being partly made up with funds derived from oil royalties. Her small agricultural surpluses from the northern areas are going mostly to the Soviet Union in exchange for sugar, iron rails, cement, paper, and lumber. (Iran is almost denuded of timber except for a small section near the Caspian Sea.)

Today Iran buys from the United States such products as automobiles and spare parts and a variety of consumer goods. In turn the United States imports from Iran such commodities as rugs, fur, nuts, gum, and wool.

**The Future?**

Responsible Iranian leaders are well aware of what is needed for the economic and social betterment of their nation. Not long after the end of the war, the Government employed a private American company to survey the economic needs of the country and draw up a comprehensive development plan. This plan—titled the Seven-Year Plan—is one of the most forward-looking programs of modern times. It calls for an expenditure of $650 million to provide the following on a national scale:

- Vast expansion of irrigation.
- Scientific agricultural facilities.
- Highway construction and extension of railway lines.
- Rehabilitation of old factories and construction of new ones.
- Broad projects of health and sanitation facilities.
- Education programs in a wide variety of skills.

Unfortunately this ambitious program has been forced aside because of lack of funds and the present political tensions within the country. But all experts agree that only with such a program can Iran come in stride with the more developed independent nations of the world.

**IRAN AND THE WORLD**

**In the United Nations**

At the Tehran Conference in 1943, President Roosevelt, Prime Minister Churchill, and Marshal Stalin expressed their desire to maintain the independence, sovereignty, and territorial integrity of Iran and agreed that economic problems that would face the country at the close of hostilities would receive full consideration by conferences of international agencies created to deal with such matters.

The Soviet Union broke its pledge when it tried to subvert the province of Azerbaijan.

Russia's activities were aimed at undermining the people's confidence in the central government at Tehran and discrediting British and American roles in Iran.

This was the first case of aggression to come before the Security Council of the United Nations, and the United Nations acted with speed.
and determination. Our experience gave Iranians confidence in the United Nations and, despite the nationalistic movements within the country, Iran has taken an active role in U.N. affairs. The former head of the Iranian Delegation to the United Nations, Nasrollah Entezam (who is also Iran’s ambassador to the United States), was elected President of the U.N. General Assembly in September 1960 and is now serving with distinction in that post.

Much has appeared in print concerning the 1921 treaty between Iran and the Soviet Union. This treaty contained a provision which would permit the U.S.S.R. to introduce Soviet troops into Iran under certain well-defined conditions and in the event that Iran were being used as a base for restoring the old Czarist regime in Russia. Under present conditions it is evident that the circumstances envisaged under the treaty cannot exist. In any event, the treaty would appear to have been superseded by provisions in the U.N. Charter.

The "Price" of Oil

For some 40 years Iranian oil has been pumped from the fields, refined, and shipped out to world markets by the Anglo-Iranian Oil Company under agreements with the Iranian Government. The company, 53 percent of whose stock belongs to the British Government, not only drilled for and refined oil but also developed a world-wide system of shipping and marketing.

At Abadan on the Persian Gulf it built the largest refinery in the world. Almost 4,000 British technicians have been employed there, in the oil fields and in other installations.

The disposition of Iran’s oil is a key factor in the economies of both Iran and Great Britain. As stated, oil royalties have accounted for a large percentage of Iran’s revenues, and the oil industry employs 80,000 people. Great Britain has powered its navy with its share of Iranian oil, earned much-needed dollars by selling some to American companies, and saved dollars by cutting down on its oil purchases in the Americas.

The biggest market for Iranian oil is Western Europe, which takes about 40 percent of it, and a considerable part of the rest is bought by the nations of the British Commonwealth.

A drastic dislocation of the multifunctioning oil company would mean a sizable loss of revenue for both Britain and Iran—something that neither nation can afford. The British, in an effort to settle the present dispute, have offered to increase payments to Iran. (A 50-50 profit-sharing plan had already been tendered.) Iran insists that the company and all its properties be turned over to the Iranian Government. In turn, Iran will reimburse the company by oil sales to Britain.

The United States position in this oil dispute was clearly set down in a Department of State announcement, excerpts from which follow:

"... The United States wants an amicable settlement to this dispute, which is serious not only to the parties concerned but to the whole free world...."

"... In our talks with the British Government, we have expressed the opinion that arrangements should be worked out with the Iranians which give recognition to Iran’s expressed desire for greater control over and benefits from the development of its petroleum resources...."

"... In talks with the Iranian Government, we have pointed out the serious effects of any unilateral cancellation of clear contractual relationships which the United States strongly opposes. We have stressed the importance of the Iranians’ achieving their legitimate objectives through friendly negotiation with the other party, consistent with their international responsibilities. This would have the advantage of maintaining confidence in future commercial investments in Iran, and, indeed, in the validity of contractual arrangements all over the world.

"Iran has been urged...to analyze carefully the practical aspects of this problem. In this connection, we have raised the question of whether or not the elimination of the established British oil company from Iran would in fact secure for Iran the greatest possible benefits. We have pointed out that the efficient
production and refining of Iran's oil requires not only technical knowledge and capital but transport and marketing facilities such as those provided by the company. We have also pointed out that any uncertainty as to future availability of Iranian supplies would cause concern on the part of customers which might lead to shifts in their source of supply with a consequent decreased revenue to Iran.

Iran and the United States

"...I hope that the Iranians will realize that the United States is their sincere friend, that it has helped them in the past and will in the future, and that the great and continuing interest of the United States in the independence, the territorial integrity, and the well-being of Iran remains a cardinal principle of American policy."

—From a statement by Secretary of State Dean Acheson, May 23, 1951

Since the end of World War II, U.S. assistance to Iran, besides the championing of its case against the Soviet Union in the Azeri-Berj attack, has included the following:

1. A Point Four agreement, the first in the world, signed with Iran in October 1950 and a rural improvement program initiated.
2. A $26,000,000 loan for military equipment to Iran in July 1948.
3. Substantial military aid granted under the Mutual Defense Assistance Program.
4. $25,000,000 Export-Import loan to Iran for highway and agricultural development, which awaits only the Iranian Parliament's approval to be concluded.

(5) Emergency assistance to Iran to help fight a 1951 locust plague, carried out as part of the Point Four program of technical assistance; insecticide and U.S. experts flown to Iran.

(6) Malaria-control assistance from the United States, another emergency measure, to help the Iranian Ministry of Public Health. Some 250 tons of DDT, in short world supply, and American experts being sent by the United States to Iran by plane and ship.

(7) Educational exchange and the Fulbright program this year provided study facilities for 69 Iranian students and technicians and a number of Americans for study in Iran. (In mid-1951 approximately 800 Iranians, on their own or sponsored by their Government, were studying in the United States.)

In his recent message to the Congress President Truman asked for the inclusion of Iran under an economic grant-aid program to assist certain countries in the Middle East and other areas outside Europe.

The United States is continually reappraising its policies with a view to providing evidence of its sincere interest in the welfare of the Iranian people and in helping them to raise the standard of living for the masses.

The well-being and independence of Iran are as important to free nations as they are in Iran itself. Only by remaining in the coalition of free nations can Iran resist threats from the north; and only by drastic economic and social reforms can Iran improve the lot of her people and thereby check the internal forces which are being used by the Tudeh Party in an attempt to maneuver Iran back of the Iron Curtain.