



## PECULIARITIES OF POLITICAL RELATIONS BETWEEN IRAN AND THE UNITED STATES BEFORE THE ISLAMIC REVOLUTION

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### Abstract:

The 19th century was marked by significant challenges and upheavals in Iranian history. During this period, two major empires, Great Britain and Russia, fought to assert their dominance over Iran, effectively reducing the country to a semi-colonial status. In response, Iran sought to restore its sovereignty by inviting a third power—the United States—into the region. Over time, intergovernmental relations between Iran and the United States became increasingly close and comprehensive, encompassing political, military, economic, and other areas of cooperation. At the beginning of the 20th century, Great Britain and the Russian Empire divided Iran into spheres of influence without the country’s consent. Against this backdrop, fostering closer ties with the United States became an existential priority for Tehran. After World War I, the United States emerged as a key regional partner for Iran, particularly during the reign of Reza Shah Pahlavi.

From the late 1940s onward, a movement emerged in Iran to nationalize its oil industry, led by Prime Minister Mohammad Mossadegh. Mossadegh aspired to replace British influence with American support, hoping that U.S. policy toward Iran would differ from Britain’s and be geared toward strengthening Iran’s independence and sovereignty. He envisioned the U.S. as a guarantor of Iran’s right to formulate and implement its own domestic and foreign policy and to exercise control over its natural resources.

During the reign of the last Shah of Iran, Mohammad Reza Pahlavi, political relations between Iran and the United States became notably friendly. Numerous bilateral agreements were signed across various sectors, including politics, defense, economics, and nuclear cooperation. At that time, Iran was regarded by the U.S. as its most reliable regional ally and a principal conduit for promoting American interests in the Middle East. This close partnership between the two states persisted until the Islamic Revolution.

**Keywords:** Iran, United States, Great Britain, Russia, politics, region, relations.

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The political relations between Iran and the United States, full of contradictions and challenges, which began in the 19th century, continue to this day and do not lose their relevance. The political relationship between Iran and the United States, marked by contradictions and challenges, began in the 19th century and continues to this day, remaining a subject of ongoing relevance. These intergovernmental relations, which have lasted for more than a century, have evolved from early mutual respect and cooperation into deep mistrust and confrontation, shaped by a series of political and military interventions over time.

Formal intergovernmental ties between Iran and the United States originated in the 1850s, a period during which the once-powerful Persian Empire was increasingly subjected to colonial ambitions. Persia sought to establish diplomatic relations with the United States in the hope of using it as a counterbalance to the imperial influence of Great Britain and Russia, both of which aimed to subordinate Persia to their colonial interests.

To restore sovereignty and counterbalance the influence of major powers, Iranian nationalist forces promoted the "third power strategy" and the "positive equilibrium strategy".<sup>1</sup> These approaches aimed to preserve Persian sovereignty by leveraging the rivalries among great powers. Until 1951, Iranians viewed the United States as the most suitable candidate to implement these strategic approaches.

It is important to note that between the 1830s and 1850s, the United States' interests and influence in Iran were largely limited to the activities of American Christian missionaries, particularly from the Presbyterian Church and the Seventh-day Adventist Church (SDA). These missionaries, active in Iran since 1830, played a significant role in shaping the country's political, economic, and educational institutions.<sup>2</sup>

The first formal agreement between the United States and Persia was a trade treaty signed in 1856 in Constantinople (modern-day Istanbul). Diplomatic relations were officially established in 1883, and the first Persian representative began his official duties in Washington in 1888.<sup>3</sup> In the 19th century, Persia remained a feudal and economically weakened state and became the object of strategic rivalry between the British and Russian Empires. These powers initiated their influence through economic expansion. The beginnings of Iran's economic dependency on foreign capital are often traced to concessions granted to the British telegraph company.<sup>4</sup> A series of agreements were signed between Britain and Persia regarding telegraph operations in 1862, 1865, 1868, 1872, and 1901. Under these agreements, overland telegraph lines were constructed by the Indo-European Telegraph Company's British division using credit allocated by the Persian state, which was repaid over several decades.<sup>5</sup>

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<sup>1</sup>Mansour Bonakdarian, *Department of History, Arizona State University*.  
<https://www.files.ethz.ch/isn/58235/MESV3-2.pdf>. p.10

<sup>2</sup>*The Educational Impact of American Church Missinarieson the Educational Programs of Iran (1834-1925)*, disertation presented to the faculty of the gratuete school university of the Pacific by Mansoor Soleimany 1980, May. pp. 60-75.

<sup>3</sup>*US-Iranian Relations 1911-1951*. Mansour Bonakdarian, *Department of History, Arizona State University*. p.10

<sup>4</sup>*Following the anti-British uprisings in India during 1857–1859, it became evident that Britain vitally required an uninterrupted and efficient line of communication with the Indian subcontinent.*

<sup>5</sup>*Ivanov, M.S. History of Iran. Moscow State University Press, 1977. Chapter XVIII, pp. 257–259.*

Additionally, with British support, the Imperial Bank of Persia (Bank ShāhinshāhiIrān) was established and granted a monopoly over the issuance of paper currency. The bank's headquarters were located in London. Similarly, Russia founded a competing bank in northern Iran, headquartered in Saint Petersburg.<sup>6</sup> These financial institutions played a pivotal role in deepening the economic entrenchment of foreign powers in Iran.

Alongside full-scale economic expansion, the two empires, Great Britain and Russia, actively and overtly interfered in Persia's internal affairs. By the early 20th century, revolutionary sentiment had taken root across virtually all strata of Persian society. The population increasingly demanded the restriction of foreign involvement in the country's political and economic affairs, and called for the reorganization of the state along Western democratic lines.

In December 1905, mass protests and a general strike broke out in major cities. Markets, shops, and workshops were closed. Under mounting public pressure, the Shah was forced to concede, and on October 7, 1906, the first Persian Majles (Parliament) was convened.<sup>7</sup> After two months of deliberation, the Majles presented Persia's first constitution to Shah Mozaffar ad-Din Qajar for ratification. This constitution significantly curtailed the powers of the Shah.

Under the constitutional framework, the Majles was authorized to enact legislation, determine the national budget, and regulate the issuance of economic concessions and foreign loans. It also assumed authority over changes to national borders, the development of road and rail infrastructure, and other key state matters.

However, these reforms were unacceptable to the imperial interests of Russia and Great Britain. In order to protect their spheres of influence, the two powers signed the **Anglo-Russian Convention** on August 31, 1907, in St. Petersburg.<sup>8</sup> This agreement partitioned Iran into distinct zones of influence: the northern region—stretching from Qasr-e Shirin through Isfahan, Yazd, and Zulfagar—fell under Russian control, while the southeastern area—from Bandar Abbas through Kerman to Birjand—came under British influence. The central zone, located between the two spheres, was declared neutral, where both parties were to adhere to the principles of the "open door."<sup>9</sup> and free competition.

This arrangement provoked widespread dissatisfaction both among the nationalist elite and within the general population. Due to public opposition, the Iranian government refused to recognize the agreement, and the Majles formally protested the division of Persian territory into spheres of foreign influence.<sup>10</sup>

In this context, marked by a collapsed economy, de facto colonial subjugation, and endemic corruption, Tehran once again sought to introduce a third power into the region that could balance the ambitions of the two empires and defend Iran's national interests.(It is worth noting

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<sup>6</sup>Ivanov, M.S. History of Iran. Moscow State University Press, 1977. Chapter XVIII,p.260

<sup>7</sup>Ivanov, M.S. History of Iran. Moscow State University Press, 1977. Chapter XVIII,pp. 270-273

<sup>8</sup>Collection of treaties of Russia with other states (1856-1917) State Publishing House of Political Literature, 1952. pp. 386-394

<sup>9</sup>Collection of treaties of Russia with other states (1856-1917) State Publishing House of Political Literature, 1952. pp. 386-394

<sup>10</sup>Ivanov, M. History of Iran. Moscow State University Press, 1977. Chapter XVIII, p. 278

that as early as the Second Anglo-Persian War [1856–1857], Iran had considered the possibility of employing U.S. military assistance against Britain, although this initiative never materialized).<sup>11</sup>

In 1910, the Persian government formally requested assistance from Washington by asking the United States to dispatch experts to reorganize and supervise the country's financial and fiscal systems. Acting on the recommendation of then-U.S. Secretary of State Philander C. Knox, the Department of State appointed the American financial expert Morgan Shuster as head of the mission.<sup>12</sup> The delegation arrived in Tehran in the spring of 1911 and quickly gained significant control over Persia's fiscal and financial sectors.

However, Shuster's mission in Persia was short-lived. In November of the same year, following renewed Russian military intervention, Shuster was dismissed from his post. The assessment of his mission's outcomes remains contested: while his reforms sought to increase financial transparency and efficiency, they directly clashed with the strategic interests of both Great Britain and Russia. It can be stated with confidence, however, that the Shuster mission represented the first serious attempt by the United States to establish influence over Persia. Its overarching objective was not only to strengthen Washington's economic footprint in the country but also to challenge the hegemony of the British and Russian empires over Persia's vital oil resources.

Until the end of World War I, the United States lacked the political and military leverage necessary to effectively oppose the dominant influence of the two European powers in the Middle East. Consequently, it often turned a blind eye to British and Russian colonial actions in the region, including those in Iran, and pragmatically acknowledged the prevailing balance of power.

This dynamic shifted dramatically after the October Revolution of 1917, when the Bolsheviks seized power in Russia. The revolution transformed the geopolitical landscape, turning the United States and Great Britain into strategic allies united in their efforts to curb the spread of communist ideology, including in the Middle East.

On March 5, 1918, a separate peace treaty was concluded between Soviet Russia and the Central Powers—namely, the British, Ottoman, Austro-Hungarian, and Bulgarian empires. Under the terms of the agreement, Russia committed, among other obligations, to the full withdrawal of its military forces from Persian territory. This process was completed by March 1918. That same year, the Soviet government sent an official note to Tehran, unilaterally annulling all treaties and agreements concluded by the Russian Empire that infringed upon Persia's sovereignty, including the 1907 Anglo-Russian Convention.<sup>13</sup> This diplomatic move opened the way for Great Britain to consolidate its influence throughout Persia.

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<sup>11</sup>BonakdarianMansour, *Department of History, Arizona State University*. p.10

<sup>12</sup>W. Morgan Shuater. *Strangling of Persia*. New York The Century Co. 1912 .pp. 3-5

<sup>13</sup>Ivanov, M. *History of Iran*. Moscow State University Press, 1977. Chapter XVIII, p. 278

However, British dominance provoked growing dissatisfaction not only among the broader population but also within segments of the Persian political elite. By this time, the United States was increasingly viewed as a potential guarantor of Persian sovereignty. Thus, Washington found itself presented with a renewed opportunity to expand its influence in the region.

This context helps explain the multiple initiatives of Persian Prime Minister Ahmad Qavam (a figure often referred to as the "Old Fox"—an exceptionally influential politician who served five times as Iran's prime minister and consistently maintained close relations with U.S. administrations). Qavam repeatedly attempted to attract American oil companies by offering concessions. As a result of his efforts, major U.S. oil corporations such as *Standard Oil* and *Sinclair Oil* entered the Persian market.<sup>14</sup> Nevertheless, these companies were ultimately unable to take advantage of their concessions due to strong resistance from the Soviet Union.

During his second term as prime minister (1922–1923), Ahmad Qavam al-Saltaneh invited a new group of American financial advisors to Persia, including Arthur Millspaugh, who was appointed financial administrator of the Persian government with extensive powers.<sup>15</sup>

This marked the second instance in which a U.S. mission directly participated in Persia's political affairs and exerted significant influence over governmental operations. Through Arthur Millspaugh's mission, the United States tacitly supported the rise to power and consolidation of Reza Khan (later Reza Shah Pahlavi), the orchestrator of the Qajar dynasty's overthrow. However, in 1927, when Millspaugh attempted to restructure the Ministry of Finance into an institution capable of exercising oversight over the entire governmental policy apparatus, he was dismissed and forced to leave the country. During his tenure in Iran, A.C. Millspaugh implemented a series of economic reforms, including tax increases that placed a heavy burden on the population. He also sought to assist American oil companies in securing a monopolistic position over northern Iran's oil reserves.<sup>16</sup> This initiative conflicted with British interests and led to British facilitation of his removal.

During the 1930s, U.S.-Iranian relations entered a period of stagnation. This was due, on the one hand, to the economic crisis in the United States (the Great Depression) and, on the other, to Reza Shah's growing rapprochement with Nazi Germany. At the onset of World War II, Reza Shah Pahlavi's close ties to Berlin provided a pretext for London and Moscow to orchestrate a coup in Tehran, resulting in the abdication of the Shah in favor of his son, Mohammad Reza Pahlavi.<sup>17</sup>

World War II marked the beginning of a renewed phase in U.S.-Iranian relations. After entering the war, Washington used Iran as a strategic corridor for transporting military equipment and supplies to Allied forces. However, at that time, the U.S. administration had not yet formulated a coherent and consistent policy toward Iran. American strategy in the broader Middle East

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<sup>14</sup>“*The Field of Endless Intrigue*”: *The Contest for North Iranian Oil, 1916–1947 International Journal of Middle East Studies* (2024), 56, 663–685, Published online by Cambridge University press 27 January 2025.

<sup>15</sup>Ivanov, M. *History of Iran*. Moscow State University Press, 1977. Chapter XVIII, p. 323

<sup>16</sup>Bonakdarian Mansour, *Department of History, Arizona State University*. pp. 14-15

<sup>17</sup>Bonakdarian Mansour, *Department of History, Arizona State University*. pp.14-15

centered on supporting Iran's development through financial aid and preserving its sovereignty from British and Soviet interventions.

Between 1946 and 1951, U.S. foreign policy toward Iran was characterized by a step-by-step approach. Washington maintained that financing Iran's military build-up was not advisable and that internal transformations should proceed through democratic reforms rather than through increased militarization. Moreover, the U.S. preferred that Britain bear the primary responsibility for containing Soviet influence in Iran, with the United States playing only an observational role to avoid direct military confrontation with the USSR—a scenario that would have entailed massive financial expenditures.

It is worth noting that the most productive period of U.S.-Iranian economic cooperation during this time coincided with another premiership of Ahmad Qavam. In 1942–1943, the two countries signed a trade agreement granting preferential import terms for American goods. As a result, the volume of U.S. imports to Iran doubled, and by 1944–1945, American products accounted for 23% of the country's total imports.

In the post-war period, with Britain's global power significantly diminished, particularly following the loss of key colonies such as India, Iran became one of the most vital components of British prosperity in the region. In this context, London sought to preserve the monopoly of the Anglo-Iranian Oil Company (AIOC) at all costs, disregarding Tehran's persistent demands for an increased national share in the company's profits.

This tension culminated in 1951, when Iran's democratically elected Prime Minister, Mohammad Mossadegh, announced the nationalization of the country's oil industry and expelled the British company from the market. This was the first instance in which a Middle Eastern country attempted to assert sovereign control over its natural resources. In the West, Mossadegh's actions were perceived as a serious threat to the existing geopolitical order and raised concerns about the potential spread of Soviet influence in the region.

To preempt this perceived danger, in 1953, the British and American intelligence services jointly executed *Operation Ajax*, which led to the overthrow of Prime Minister Mossadegh. Following the coup, Mohammad Reza Pahlavi assumed full control of the Iranian state, paving the way for increased Western, particularly American, influence in Iran. He subsequently became the United States' most reliable ally in the region.

Beginning in 1953, U.S.-Iranian relations entered a nearly three-decade-long period of close cooperation. Mohammad Reza Shah emerged as Washington's strategic partner in the region. In return, the White House financed Iran's military buildup, facilitated the expansion of economic relations and trade agreements, and turned a blind eye to the Shah's authoritarian rule, the activities of his secret police (SAVAK), and widespread political repression. It can be asserted with confidence that between 1953 and 1979, the United States provided substantial military and economic assistance to Iran, which contributed to the country's modernization, but simultaneously increased its dependence on the West and deepened its quasi-colonial status.

In the immediate aftermath of the 1953 coup, negotiations began between the U.S. administration and Iran's new government regarding the transfer of oil production rights to foreign companies. In 1954, representatives of the Anglo-Iranian Oil Company, American, and other European oil firms established the *International Oil Consortium*. The consortium's shares were allocated as follows: five American oil companies received a combined 40% share (8% each), the Anglo-Iranian Oil Company retained 40%, the British-Dutch firm Royal Dutch Shell received 14%, and the French company CFP (Compagnie Française de Pétrole) held 6%. Iran had no direct participation in the formation of this consortium. The major powers divided Iran's oil resources, as well as the infrastructure necessary for their extraction, processing, and transportation, without Iranian involvement in the negotiations.<sup>18</sup> The Iranian government's signing of the agreement with the consortium, and its subsequent ratification by the Majlis (parliament), effectively terminated the nationalization process of Iran's oil sector, returning it once again to foreign control. This time, however, the balance of influence shifted in favor of the United States, while Britain ultimately lost its monopolistic position in the Middle East. In the near future, the United Kingdom would also lose its influence in the Arab world, where it, too, would be largely replaced by Washington.

Up until the Islamic Revolution of 1979, Iran remained a key regional partner of the United States. Their bilateral relationship was intensive and multifaceted, encompassing political, military, economic, and nuclear cooperation. In 1957, under President Eisenhower's "Atoms for Peace" program, which aimed to share nuclear technologies with developing countries for peaceful purposes, the United States and Iran signed an agreement. According to the terms of this agreement, the United States committed to supplying nuclear equipment and facilities to Tehran, as well as dispatching American specialists in the field. Iran, in turn, pledged to enrich uranium only to levels required for civilian energy production.<sup>19</sup>

Within the framework of this agreement, in 1967, the United States delivered Iran's first nuclear reactor.<sup>20</sup> In addition to the main agreement, the two parties signed a supplementary contract on March 10, 1967, titled *Contract for the Transfer of Enriched Uranium for a Research Reactor in Iran*, which authorized the provision of enriched uranium and plutonium for Tehran's research reactor. Beyond Washington's involvement, other key contributors to Iran's nuclear development included Germany, France, and—perhaps surprisingly—Israel, each playing a significant role in the advancement of Iran's nuclear energy program during this period.<sup>21</sup>

In 1958, Iran became a founding member of the International Atomic Energy Agency (IAEA) and established close cooperation with the organization, particularly in the field of nuclear research. In 1967, with the assistance of the United States, Iran constructed its first research reactor in Tehran, marking a significant deepening and expansion of bilateral cooperation with Washington.

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<sup>18</sup>Ivanov, M. *History of Iran*. Moscow State University Press, 1977. Chapter XVIII, pp. 405-407

<sup>19</sup>*Agreement for co-operation concerning civil uses of atomic energy*. Signed at Washington, on 5 March 1957

<sup>20</sup>Mosamed V. "Iranian Nuclear Program as a Factor in the Confrontation Between IRI and Israel" *Middle East Studies Institute*, Moscow 2023. p. 55

<sup>21</sup>Mosamed V. "Iranian Nuclear Program as a Factor in the Confrontation Between IRI and Israel" *Middle East Studies Institute*, Moscow 2023. p. 55

In 1970, Iran acceded to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), thereby committing itself to the core obligations of the treaty: the non-proliferation of nuclear weapons, nuclear disarmament, and the use of nuclear technologies exclusively for peaceful purposes.<sup>22</sup> During this period, Iran emerged as the largest purchaser of American arms and a strategic and reliable partner of the United States in the region. In all major regional conflicts, Iran acted as a staunch defender of Washington's interests. As a result, it came to be known as the "Gendarme of the Persian Gulf" and a bulwark in Southwest Asia against the spread of communist ideology.<sup>23</sup>

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<sup>22</sup>*Treaty on the Non-Proliferation of Nuclear Weapons (NPT) 01.07.1968*

<sup>23</sup>*Agayev S.L. Iran between the past and the future. Events. People. Ideas. Politizdat. 1987. p.17*