

British Policy on Railways in Persia, 1870–1900

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In the third quarter of the nineteenth century the government of Shah Nasr-ud-Din, who ascended the Peacock Throne in 1848, confronted several menaces. His hold over his outlying territories was tenuous. On his accession he had had to put down revolts in six districts. Russia, which had been annexing large tracts of south-central Asia, was manifesting an appetite for lands near the borders of Persia and looked longingly on the northern provinces of Persia itself. Britain and Russia confronted each other, each convinced of the malevolent intentions of the other and each dedicated to frustrating these foul plans by means short of an all-out war. Britain had intervened in Afghanistan and Persia largely because of fear of Russian aggression against either or both, and Russia saw these same maneuvers as proof of British hostile intentions. In 1866 the Prime Minister, Earl Russell proposed a pact with Russia to renounce any intentions of disturbing the status quo in Central Asia. The Russian government refused but promised to continue to support the 'independence' of Persia. This refusal to make a precise commitment the British correctly interpreted to mean a continuation of intervention in the affairs of buffer states between Russia and India which had been practiced by both of the great powers. Nasr-ud-Din, who had no illusion about the purity of the motives of either state, saw Russia as the greater threat and turned to Britain as a counterbalance to the spread of Russian influence. Concern for the protection of India made Whitehall and Simla receptive to such Persian overtures, though there was little disposition to risk a land war in southern Asia.

Transport throughout Persia during the early years of Nasr-ud-Din's rule relied upon human and animal power. Wheeled vehicles were practically unknown. Consequently the commercial potentialities of the Empire were largely unrealized.¹ Various British statesmen, however, saw in Persia opportunities for commercial expansion by opening up the interior of the country by steamboats and by railways. Such developments, they conceived, would also serve British strategic interests.

This was the background of efforts by British governments to induce entrepreneurs to seek concessions from the Shah to open the Karun River to European and, in particular, to British traffic. Among those who seemed likely candidates were Sir William Mackinnon, founder of the British India Steam Navigation Company, and his close friend and associate, George S. Mackenzie of Gray, Dawes and Company, since both had business interests relating to the Indian Ocean. In the 1860s Mackinnon and Mackenzie, however, were much more interested in a grand project of

railway communication between London and Mesopotamia. Mackinnon had sought the advice of Stephen Lynch and Company, based in Bagdad, which operated the Euphrates and Tigris Navigation Company between Bagdad and Basra,² and he gave the Lynch brothers assurances that his railway scheme would not interfere with their shipping operations.³ Nothing came of these probings in the 1860s and early 1870s. The Shah resisted efforts to induce him to open the Karun to international navigation, but there was little interest manifested by British companies to enter such a business even with the Shah's consent. The renowned Sir Henry Rawlinson, considered an unmatched authority, labeled the scheme a snare and a delusion which would wipe out the capital of anyone rash enough to invest in it, and until the 1880s no such capitalists appeared.⁴

In the 1860s there had been some European activity in extending modern communications into Persia. The Indo-European Company in 1865 had begun transmission on a telegraph line between Tehran and Bagdad with communication to Bushire, and in the next year lines were extended from Tehran to Tiflis and Tabriz.⁵ There was a considerable gap, however, between the financial and other requirements for a telegraph and that for a railroad, and statesmen and engineers were wary of making a commitment. Rawlinson in 1871 called the idea of profitable railway transportation in Persia 'visionary'. It failed to take into consideration the backward condition of the Persian state:

The nation is effete, and is even more incapable than Turkey of adopting European habits of vigorous thought or of moral sense. It is only important to us from its geographical position, and our interest in it must be restricted to that sole consideration.⁶

W. Taylour Thomson, the minister in Tehran, was equally negative. Before European capital could be invested, he stated, revolutionary changes would have to be made in Persian society. There must be security for private property and an end to the pervasive suspicion and distrust at the Shah's court with which proposals for European investment were viewed.⁷

Of the Europeans who manifested an interest in Persian railway building before 1870, most were speculators with no credentials as contractors. In 1864 the Persian government granted a concession for railway construction and mining to an Austrian named Savalan.⁸ 'A certain Henry' offered to build a railway for the ten miles between Tehran and the shrine of Abdul Azim on the condition that he be given control over the mines and forests of the area. Dr Bethell H. Strousberg of Berlin who had been deeply involved with Rumanian railways employed an agent named Solomon to seek a concession for a railway from Tehran to Resht, with rights to exploit the mines of Persia. Through Mirza Mohsin Khan, the Iranian ambassador to London, Strousberg on 13 May 1870 was awarded the concession for the ten-mile line from Tehran to the shrine of Abdul Azim. He sent out

engineers from Germany and Britain, but despite the backing of Mohsin Khan, he encountered obstacles from high officials in Tehran who frustrated all efforts to begin construction, and he finally withdrew after paying a forfeit of £4,000 which was presumably pocketed by the ambassador.⁹

On Strousberg's failure, Mohsin Khan offered the concession to several British capitalists, among them C. W. Siemens, of the firm Siemens Brothers, who had become involved with Persia through the Indo-European Telegraph Line. Siemens and other major figures in British railways were not prepared to risk their capital on Persian gambles. The rating of Persian credit at London financial houses was low and the risks were high. Thomas Brassey, who had built railways throughout the world, politely declined to be involved on being approached by the Persian government. The financial house of Spartali and Company which apparently had been assigned the task of finding likely candidates for railway concessions approached another of the British railway giants, Edward W. Watkin, one of the great railway moguls of the nineteenth century. He had been a dominant figure with several British railway companies as well as the Grand Trunk Railway Company of Canada. Watkin had also been one of the purchasers of the Hudson's Bay Company in 1863 with a view to traversing its territories with a transcontinental railway. This would, he hoped, bring traffic which would resolve the financial problems of the ailing Grand Trunk. He had also been the emissary of the Duke of Newcastle, Secretary of State for the Colonies, to investigate the means of promoting Canadian federation, and had been knighted for his services.¹⁰ Watkin had been involved with great, sometimes glamorous enterprises in the 1890s and he was to be the principal force behind the English Channel Syndicate – but he was not a plunger who would gamble his fortune on high-risk schemes.

Watkin agreed to meet Mirza Mohsin Khan, with whom he had a long conference and who offered him the opportunity to construct railways and to work the mines of Persia for 25 years on condition that the concessionaire should, at his own cost and risk, build an experimental line between Tehran and the shrine of Shah Abdul Azim.¹¹

Watkin suggested to Mirza Mohsin Khan that the Persian government build the line at its own expense and then reap the profits of railway expansion itself rather than to assign the monopoly to foreigners, but his generosity was feigned. He told Lord Granville, the British Foreign Minister, that he was not prepared to risk his and other financiers' money unless the British government would assure him that it regarded railway construction in Persia as in the interest of the Indian Empire and a contribution to British prestige in the Middle East.¹² Translated into direct, non-diplomatic language, Watkin's message was that he would have nothing to do with such a project, except for offering advice, unless the Imperial government was prepared to guarantee returns on the investment.

The response of Granville's advisers was predictable. Sir Charles Alison,

the minister in Tehran, commented in July 1871 that 'the projects presented from time to time by Europeans have been entertained principally as a means of profit to the Persian Ministers and the agents employed by them. If railways advanced the strategic interests of the Empire they should be built with complete British control over construction and operation'.¹³ The India Office conceded that railways could serve the British interest, but was concerned about Russian reaction if the British government was known to be involved. Any such project 'should be regarded as a purely commercial enterprise divested of anything of a political character that might excite jealousies or suspicions calculated to provoke opposition and to retard the success of the experiment'.¹⁴

Thus, before the arrival of Baron Julius de Reuter – founder of the famous news agency – on the scene, Persian rail projects were not in good repute. Mohsin Khan had acquired an unsavory reputation, particularly after the fate of the unwary Strousberg. But early in 1872 Mohsin Khan found in Reuter the perfect concessionaire – a man who was so dazzled by the prospect of great riches that he ignored risks that had deterred others who were more sophisticated about the problems of railway construction in general and more wary of involvement in schemes proposed by agents of the Persian government. Reuter was not only receptive, he aggressively sought the concession. He allegedly gave Mohsin Khan a gratuity of £20,000 to assure his success in being awarded the contract.¹⁵ After Mohsin Khan signed a preliminary agreement, Reuter despatched an agent, Edward Cotte, to Tehran to conclude a final agreement. There he came into contact with Malkum Khan, who had become a trusted adviser of the Shah on issues involving Europe. Malkum's support contributed to the conclusion of a formal contract in July 1872.¹⁶

The route of the projected railway line traversed 900 miles of sparsely-inhabited country with little commercial significance, and intersected by high hills the crossing of which would involve heavy outlay. In these circumstances there was no likelihood of the railway producing profits for the foreseeable future.¹⁷ Instead the Persian government offered Reuter a grant of colossal proportions.

Reuter was offered a monopoly for 70 years of railway and tramway construction, mining (except for gold, silver, and precious stones), government forests, canals and irrigation works and exclusive rights to build roads, telegraphs, factories and various public works. To cap all of these princely grants, Reuter acquired the right to farm all of the customs for 25 years beginning 1 March 1874. Provision was made for a schedule of payments to the Shah from customs revenues and from the profits from other enterprises. A deposit of £40,000 was required to be forfeited if the railway did not progress within 15 months of the signing of the agreement. The money would be returned to Reuter when a quantity of rails sufficient to complete the line from Resht to Tehran had arrived in Persia. This

apparently reasonable requirement was made into a poison pill when the Persian Prime Minister, Mirza Husein Khan, insisted on a codicil requiring that no construction could begin until all details had been settled with the new minister to London, Malkum Khan. Reuter objected to this stipulation and acquiesced only when it became clear that further argument would take precious time and risk the forfeiture of the 'caution money'.¹⁸

The motives of the Persian government in offering this concession and of Reuter in accepting it have been extensively scrutinized.¹⁹ George N. Curzon and Sir Henry Rawlinson concluded that the motivation for the Persian initiative was the dedication of Mirza Husein Khan and those around him to 'the regeneration of Persia through the identification of her interests with those of Great Britain'.²⁰ By this thesis, the Persian government saw the country menaced by the southward expansion of Russia and shackled by a primitive economy. Enlisting Britain as an ally could be economically and politically the means of escaping this plight. This explanation may reveal more of Curzon and Rawlinson than of Mirza Husein Khan, but it is consistent with the preachings of Malkum Khan and other Westernizers who had become influential at the court of Nasr-ud-Din. A.P. Thornton, without necessarily contradicting the Curzon-Rawlinson interpretation, emphasizes the unreality of the scheme:

This oriental fantasy was politically impossible of realization from the day it was first conjured up. The Shah omitted to reckon with the hostility of the Russian Government, with the indifference of the British Government to the grandiose plans of an adventurer, and with the black resentment of the majority of his own subjects.²¹

Both of these interpretations seem to assume that the Shah, under the influence of such advisers as Mirza Husein Khan and Malkum Khan had become a convert to the rapid Westernization of Persia and had pressed on with a reckless scheme oblivious to the dangers that such rapid development would involve for his country and for the throne itself. This scenario is not implausible – after all, one of the Shah's successors was brought down in this way. But there is a reason to doubt the sincerity of the Shah's conversion to the religion of material progress and, for that matter, the dedication of his advisers to modernization of the country. Nasr-ud-Din did not remain on his throne for 48 years by taking such risks. He was well aware of the reality of the Russian menace and he shrewdly involved the British as a counter-force, playing off the two great powers against each other.

As to his advisers, there is reason to doubt that they were the fervent ideologues that some writers have described them to be. This doubt particularly applies to Malkum Khan, allegedly the supreme Westernizer. Malkum the tractarian was not necessarily Malkum the politician. Judged by his actions rather than his words, he was absorbed above all else in the advancement of Malkum Khan in terms both of power and of wealth. He

pursued these ends with great intensity during his entire career in public service. He was never a man to let principle stand in the way of self-interest. In this respect he had much in common with other Persian officials, but he was a particularly adept practitioner.

Malkum Khan, who headed the London legation from 1871 to 1889, remains a controversial figure. He was certainly brilliant and, at least in financial matters, utterly unscrupulous. As the promoter of railway building, he expected to be compensated properly for his efforts in securing contracts. Two younger brothers, Mikhail and Iskander Khan, who were also employed in the legation, were also infected with the same ambitions but deferred to Malkum as the principal negotiator. Malkum was indeed an impressive individual. Wilfrid Blunt, the dedicated anti-Imperialist, who met him in 1880, wrote in his *Secret History of the English Occupation of Egypt* that 'I left him with the impression that he was the most remarkable man that I had ever met, and more convinced than ever of the superior intelligence of the Eastern mind'.²² British statesmen were similarly impressed.

When Reuter, anxious to get started as soon as possible, asked for authorization to buy rails and other materials and to begin surveys, Malkum Khan replied that he preferred to deliver the required authorization personally when he arrived in London after a tour of European capitals in preparation for the Shah's visit in the spring of 1873. Desperate over the delay, Reuter pursued Malkum Khan at his stops in Vienna, Berlin, Brussels and Paris, but failed to get an audience until the minister reached London. The interview was a shock to Reuter. Malkum Khan 'revealed' that he owned one-quarter of the concession and that unless Reuter bought him out he might sell his stake to a buyer unfriendly to Reuter's interests, possibly to Russia. The blackmail was successful. Reuter agreed to pay £20,000 immediately in cash and three subsequent installments of £10,000 each. The bribe having been settled, Reuter received his authorization to begin construction on 5 July 1873. Almost a year had elapsed since the signature of the original concession; only three and a half months were left before Reuter would forfeit his concession and the caution money.²³

Malkum Khan in his venality, of course, was following the long-established custom of Persian courtiers. Acceptance of bribes was a means of doing business. Governorships were frequently sold to the highest bidders,²⁴ and acceptance of gifts, which went into the pockets of the recipient, was common.²⁵ As Reuter discovered, however, 'gifts' did not guarantee fulfillment of a contract. The Shah on his return from Europe was confronted with a storm of protest against the grant. Dissidence was widespread and included officials in various provinces and members of his own family. Most formidable of all were the Shi'ite clergy who harangued the faithful to resist the Westernization of Persia and accused the Shah of 'delivering his country and religion into the hands of Europeans'.²⁶ The

British minister assessed the crisis in similar terms but with a different emphasis. He accused 'foreign influences' – meaning Russian agents – of stirring up 'a bigoted and fanatical priesthood' and opponents of the Grand Vizier to incipient rebellion that threatened the throne itself.²⁷ The Russian legation predictably denied any involvement, though the Russian government had publicly declared its opposition to the concession.²⁸

The *Tehran Gazette* on 10 November 1873 prematurely declared the concession null and void,²⁹ but its cancellation was a foregone conclusion. The Persian government refused co-operation, thus preventing Reuter from fulfilling the contract. Even had the Shah provided support, Reuter would not have succeeded. His only important financial backing had come from Jardine-Matheson, the great Hong Kong entrepreneurs,³⁰ but they had withdrawn their backing and in the last month before the final cancellation the original speculators, aside from Reuter himself, had disposed of their shares, leaving credulous investors of small means who had hoped for big returns on the capital with almost worthless stock,³¹ and, of course, Reuter himself had forfeited his £40,000. In desperation, Reuter turned to the British government for help but met with a frigid response. This curt rejection was based both on considerations of general policy and on antipathy to Reuter himself.

The general position of the British government in the mid-years of the nineteenth century was that British businesses in foreign countries must bear the risks of failure as well as enjoy the opportunities of success and that the government should not be expected to give any guarantees of support such as ensuring the interest on the costs of work on such enterprises as a railroad. This line was strongly held by the Treasury and, particularly during the Gladstone administration of 1868–74, by the government. There could be and there were some deviations – postal subsidies for shipping lines, for example – but the combination of Treasury intransigence and Gladstonian disinclination was particularly formidable in the case of Reuter's concession. The Lords of the Treasury tersely rejected the suggestion of subsidies: 'their Lordships are not prepared to deviate from the rule in this instance'.³²

The Foreign Office under Lord Granville was not disposed to appeal against this dictate for a variety of reasons, including personal distaste for the promoter. Reuter was born Israel Beer Jehosophat. He became a Christian in 1844 at the age of 28 and adopted the name of Reuter. In 1851, after his success in founding the news agency that bears his name he became a British subject and 20 years later was made a baron by the Duke of Saxe-Coburg-Gotha. In 1891 Queen Victoria awarded him the privileges of the rank in Britain. This brief account of his rise to economic power and social distinction omits the fact that his successes were not won without incurring ill will among other businessmen. He was 'not quite English' and his methods were suspect. In the minds of proper gentlemen he was not and

never could be one of them. One of these pillars of society on 12 June 1873 advised the Foreign Office to warn the Shah of Reuter's character:

He came to this country as a mere adventurer, and opened an office in the Royal Exchange Building, and solicited telegrams from influential persons *gratis*, in order that he might dispose of them on the continent. He afterwards collected telegrams for newspapers and thus became the proprietor of a submarine telegraph with [great] success to himself and company.³³

Whatever confidence the Foreign Office may have had in Reuter's credibility was dissipated by the devious way he presented his case. He first paraded his loyalty to Britain, indicating that his project was undertaken in the national interest and that he had resisted tempting offers from Russia to buy his concession. When doubts were expressed that a Resht–Tehran railway would benefit Britain rather than Russia, which would be able to connect its railway system with northern Persia,³⁴ Reuter shifted his emphasis to another plan which would benefit Britain strategically and economically – a railway from Constantinople through Asia Minor down the Tigris–Euphrates Valley to the Borders of India. He assured the Foreign Office that he had ‘reason to believe’ that the Turkish government would grant him a concession which would be backed by a guarantee from the Turkish government contingent on Britain being a co-guarantor.³⁵ This approach evoked mixed reactions. The Government of India and the India Office saw the Reuter concession from a very different point of view from the Foreign Office. Their world was the environs of India, and their preoccupation was to keep it safe. The security of India depended on meeting the Russian menace at the buffer states, particularly Afghanistan and Persia. The British interest was in convincing these states that Britain was at the same time all-powerful and benign, that the days of British annexationism were past and that the great menace was Russia.³⁶ In this context they saw the concession as a means of advancing British influence. The Duke of Argyll, Secretary of State for India, was impressed, so much so that he subsequently expressed great regret at the cancellation of the Reuter concession and the hope that the Persian government might be convinced to revive the grant.³⁷ Sir Henry Rawlinson saw such a railway as a great contributor to British influence in the Persian Gulf area and in Persia itself. By quietly acquiescing in the cancellation of the Reuter concession, he said, Britain risked Persia's becoming a Russian province.³⁸ But a well-respected journalist, Major Bateman Champani, described the Euphrates scheme as ‘a bad idea’, which would save little time and would be a commercial failure, since there would be little local goods traffic and a climate which was among the worst in the world would certainly deter any sane traveler from riding on the train.³⁹

The Foreign Office under Granville was not affected by any of these

arguments. They were not inclined to challenge Russia for supremacy in Persia, and they were adamant in the position that Reuter must take the same risks as any other private entrepreneur. Indeed they seemed to welcome the prospect of cancellation of his concession. Granville expressed melancholy satisfaction at the imminent demise of the scheme:

Poor Reuter, who is repudiated by us as a partner, and opposed by the Russians as an enemy, may fall to the ground. The bargain which I should be glad to see carried out always appeared to be rash on both sides.⁴⁰

Reuter's efforts to enlist the support of Bismarck were unavailing. He appealed for a half-hour audience with the Chancellor. 'I feel', he wrote, 'that you, my Prince, are the proper person to solve the Central Asian problem'. This flattery had no effect; Bismarck had no intention of embroiling Germany in an area contested by Britain and Russia.⁴¹

By mid-summer 1873 Reuter was in no financial condition to carry out either of the railway schemes he had dangled before the British government. The Foreign Office's negative reaction had caused the major financiers on whom he relied to withdraw from any stake in the enterprise,⁴² leaving Reuter with inadequate capital to complete any major railway project, and his efforts to secure additional funds had been unsuccessful. A Belgian firm which approached the British minister in Tehran as to whether it would be prudent to make a loan to Reuter received a discouraging reply.⁴³ In these desperate circumstances, Reuter sought to use the Russian bogey to move the British government to a more supportive position. In May 1873, the British government received information from a variety of sources that Reuter had been in communication with Russian officials, obviously in relation to a possible Russian interest in acquiring all or part of his concession.⁴⁴ Even earlier he had told Granville that responsible statesmen from Germany, Austria-Hungary, and Russia had indicated their support for an international consortium to exploit the great concession. The Foreign Office remained unmoved.⁴⁵

As long as the Liberal Party remained in office there was no prospect of a change in this negative posture, either in keeping the concession alive or in intervening with Persia to seek damages for the losses he had incurred by its cancellation, but Reuter's hopes revived when Gladstone's administration fell in February 1874.

Disraeli's Foreign Secretary, Lord Derby, reacted to Reuter's appeal for assistance as negatively as Granville,⁴⁶ not surprisingly, since the permanent officials of the Foreign Office were the same as had served his predecessor. Derby considered the concession a private matter between Reuter and the Shah, and declined to treat his case differently from that of any other British subject.⁴⁷

Salisbury as Secretary of State for India was a cautious activist. In the

near future he saw the Russian problem in terms of frontier Russian officers spoiling for a fight. Their challenges must not elicit an excessive British response.⁴⁸ But in the longer run, inexorably 'the independent tribes' must be crushed between the two empires and it was essential that the partition of territory should be in the British interest.⁴⁹ Lord Lytton, as Viceroy, saw the prospects in similar terms. In the near future, he stated, hostile action was premature, but precautionary measures were essential. The Reuter concession must be kept alive as a counter to Russian ambitions.⁵⁰ In this the Foreign Office and the India Office agreed.

Thus, despite different perspectives, the India Office and the Foreign Office during the Disraeli government of 1874–80 were in agreement as to the appropriate reaction to Russian non-military initiatives in Persia. This was evident as early as 1874, when a retired Russian engineering officer from the Army of the Caucasus, Major General von Falkenhagen, with the backing of the Russian Foreign Office sought in 1874 a concession for a railway from Jolfa, near the Russian border, to Tabriz and the project was warmly endorsed by the High Priest of Tabriz.⁵¹

Disraeli, the India Office, and the Foreign Office considered a Falkenhagen concession sufficiently menacing to make it an issue involving the independence of Persia. Falkenhagen, they maintained, was an agent of Russian foreign policy which threatened the integrity of Persia. Falkenhagen cancelled his application on the basis that the Shah had not guaranteed him the customs receipts from Tabriz,⁵² but clearly the intervention of the British government had been decisive.

The Salisbury government that came to power in 1885 after five years of inactivity by Gladstone's second administration aggressively pursued a settlement between Reuter and the Shah regarding other rights granted in the original concession besides railways. Not coincidentally this new energy coincided with the arrival of Sir Henry Drummond Wolff as minister to Tehran.

During the first two and a half years of the Salisbury administration British policy toward Persia did not differ markedly from that of its Liberal predecessor. On the departure of Sir Ronald Thomson, the Foreign Office left representation in the hands of Arthur Nicolson, the *chargé d'affaires*. Nicolson was nervous about a confrontation with Russia and concerned that Britain might be promising too much in its assurances of support for Persian independence. A war in Central Asia with Russia he thought would be folly. Britain must seek an accommodation with Russia regarding Persia. If that involved the partition of Persia the price might have to be paid. British interests, commercial and strategic, were in the south, and northern Persia was increasingly subject to Russian influence. As an alternative he proposed that other countries besides Britain and Russia be encouraged to take commercial concessions in order to defuse British–Russian tensions.⁵³

Nicolson was not a policy-maker. As a *chargé d'affaires* he took seriously

the limitations of his temporary appointment. But in his advocacy of a Russian–British agreement his views were not far removed from the policy being contemplated by his superiors.

Salisbury's government committed itself early to aggressive promotion of commercial expansion, particularly in the south of Persia, with encouragement to railway construction. In this they had the support of the Government of India which indicated it was prepared to share in providing financial guarantees.⁵⁴ The government, however, confronted the prospect that guarantees to private companies would not be approved by Parliament. To provide the necessary assurances, it concluded that Persia should be asked to accept a lien of its customs revenues.⁵⁵

Salisbury's program might be described as that of preferential 'free trade' and a political understanding with Russia. To carry out this policy he selected Sir Henry Drummond Wolff; indeed it seems clear that Wolff participated in its formulation. Before his reappointment to Tehran Wolff had established himself as a powerful advocate and an able statesman. As a member of the four-member 'fourth party' in the House of Commons between 1880 and 1885, he, in company with Lord Randolph Churchill, Sir John Gorst and Arthur Balfour had done his best to make life unpleasant for Gladstone's Liberal government. It was allegedly at his suggestion that Lord Randolph Churchill founded the Primrose League. In recognition of Wolff's great abilities, Salisbury selected him to reorganize the finances of Egypt, and he was the principal negotiator of a convention on the status of Egypt which lapsed when the Sultan under French and Russian pressure failed to ratify it. Wolff was among the most powerful British diplomatic representatives of the nineteenth century, and his appointment to Tehran was motivated by acute awareness of the importance of the Persian Gulf and south-central Asia generally to the economic and strategic interest of the British Empire. His relationship with the moribund Reuter concession was in that context.

Wolff has been described as a 'sincere friend' of Reuter.⁵⁶ The description over-personalizes their relationship. Wolff's advocacy of Reuter was not motivated by personal considerations. Wolff used Reuter to serve the British interest; his advocacy had nothing to do with friendship; indeed he was irritated by the independent initiatives of Reuter and his son which he considered to be obstructive of the objectives the government sought to promote. 'Reuter's vacillation and reticence prevent all progress with his concession', Wolff complained to Salisbury.⁵⁷ Reuter and his son made large claims of financial support, hinting of backing from Russian financiers and from Rothschilds and of control over funds of between six and eight million pounds, but were unwilling to provide details.⁵⁸ By their failure to be forthcoming to the British government, Wolff asserted, the Reuters invited challenges to their credibility.⁵⁹ Support for the Reuter concession had nothing to do with sentiment. It was a means of discouraging Persian

inclinations to granting similar concessions to others and also provided an excuse for the Shah to reject overtures by other interests, especially Russian.

The British government and Reuter had a common interest in salvaging from the original concession the right to establish a bank which by its issuance of credit could tie Persia more closely to Britain economically. They diverged somewhat with regard to railways and other elements of the concession. The British government had no inclination to support the restoration of the vast privileges of the original agreement, except for the right of railway construction, but on a much more modest scale, with a concentration on southern Persia. Furthermore, the government desired to link the railway project with the opening of the Karun river to international navigation, and insisted that Reuter consult with the shipping interests of Sir William Mackinnon and George S. Mackenzie of Gray Dawes and Company with a view to their working together in a joint concern.⁶⁰

Mackinnon and Mackenzie were the only non-governmental members of a committee convened by the Foreign Office in 1886 under the chairmanship of the Prime Minister – first Lord Rosebery and then Salisbury – and in the Prime Minister's absence, the Permanent Under-Secretary, Sir Philip Currie. The Foreign Office valued the opinions of Mackinnon and Mackenzie since they were men of substance with great experience in maritime affairs in the Indian Ocean and whose advice could be trusted as coming from relatively disinterested parties. Mackinnon had recently been granted a charter for the Imperial British East Africa Company, and his preoccupation with the development of that company made him less valuable as an adviser on the Karun River scheme. Consequently the government relied principally on Mackenzie, who was not optimistic about the future of an independent Persia. He conceived an inevitable prospect of northern provinces falling under Russian influence, either by direct annexation or by less formal means. But he believed that the desolate salt desert stretching from Qum to within a few miles of Tehran would deter any efforts from the north to tap the resources of southern Persia. Rather than attempt by whatever means to counteract the spread of Russian influence in the north, he maintained it would be better to accept the inevitable in exchange for Russian recognition of the British sphere in the south.⁶¹ His viewpoint matched to a considerable extent that of Salisbury and Wolff.

Mackenzie, after discussions with Mackinnon and Reuter, proposed a plan for a mixed Persian-British company based in London which would build a narrow-gauge railway from Ahvaz on the Karun River north to Borujerd, with subsequent extensions to Tehran. The project, however, failed because of various complications. Its success depended on the Shah's opening the Karun to international navigation which he was reluctant to do for fear of Russia. Further, the promoters would not undertake the scheme without financial guarantees. The British government, despite the fact that

it had initiated the discussions, declined to provide a guarantee from the Treasury and instead pressed the Shah to make available revenues from Persian customs. He showed no enthusiasm for providing such assistance. Mackenzie then proposed an alternative scheme which de-emphasized the railway component. The company would eliminate obstacles to navigation and construct tramways around the rapids at Ahvaz. To pay for these improvements, he proposed that Persia might concede to the company the right to levy a five per cent tax on grain exported from the vicinity of Shuster, on the upper reaches of the river. He also suggested that Persia be asked to grant the company the right to cultivate any uncultivated land along the banks of the Karun and its tributaries for a period of perhaps 20 years. The British or Indian government might be asked to guarantee a return of three per cent a year on the proved outlay of the company. Mackenzie proposed the development of roads into the interior of Persia rather than railways since roads were much cheaper and more appropriate to the immediate economic condition of Persia.⁶² Mackenzie's proposal was favorably received by the India Office, which was particularly pleased at his estimate that the guarantee for shipping costs would not exceed £1,500 a year, though it considered that Mackenzie's estimate was excessively low for road construction. But the India Office was positive about the general outlines of Mackenzie's proposals and expressed the hope that Mackenzie would participate in the project.⁶³

The focus of British attention was now on the opening of the Karun River with road and tramway construction primarily for the carriage of grain and other commodities from the interior of Persia and for the transport of goods from Europe. Wolff was authorized to give the Shah the assurance that Britain would make 'strong representations' to Russia if that government brought pressure on Persia as a result of his opening the river to international navigation.⁶⁴

The strategy was to use the Shah's recent concession to the Belgian company that had built the recently-opened Tehran–Abdul Azim line of the right to build a railway from the Caspian to Tehran and thence to the Persian Gulf as a basis for demanding a relatively modest project relating to the Karun development. The argument would be that the grant to the Belgians violated Reuter's rights and that without some compensation to Britain could cause the alienation of British public opinion.

The Shah decided to accept the British assurance of support and risk the wrath of Russia by agreeing to open the Karun River to international navigation. He took the line that it was the right of a sovereign state to take such action and that the benefits would accrue to all maritime nations, not merely to the British.⁶⁵ This position was strengthened by congratulatory messages to the Shah from the United States and various European states, with the notable exception of France and Russia.⁶⁶

Nasr-ud-Din awaited with trepidation the return of the Russian minister,

Prince Nicholas Dolgorouki, from a visit to St. Petersburg. Dolgorouki had sought with considerable success to intimidate Persia by threats of dire consequences if any concessions were granted to British interests without prior consultation – and, by implication, approval – from Russia. The substance of this warning was official Russian policy, including the warning that defiance of this mandate would result in the withdrawal by Russia of its guarantee of Persian independence.⁶⁷ But as transmitted through the mouth of Dolgorouki Russian threats took on a particularly hostile tone.

Dolgorouki had been absent when the Shah authorized the opening of the Karun River to navigation. The *chargé d'affaires*, M. Poggio, used menacing language to the Shah. Poggio's threats, however, were not directed primarily at the Karun decision. Rather his target was the Reuter concession, in particular the prospective grant of railway building privileges. If such a grant was made, Poggio warned the Shah, Russia would consider it to be a declaration of war. And the *chargé d'affaires* reinforced his warning by repeated reminders.⁶⁸

The Shah's trepidation was increased by the refusal of the British government to give him assurance of any more than diplomatic support should he defy Russian threats. The most that the Salisbury government was prepared to promise was that if he was prepared to stand firm against the Russian threat, he could rely on Britain to make strong representations in St. Petersburg against any Russian threats to the independence of Persia.⁶⁹ Such assurances were cold comfort for the Shah, who had sought from Britain guarantees for the protection of Persia's territorial integrity.

Despite his fears, the Shah decided to grant Reuter the right to establish the Imperial Bank of Persia, and also rights to exploit mines as had been granted in the original concession. The concession was signed on 30 January 1889. Omitted from the grant was any reference to railway privileges.⁷⁰

When Dolgorouki arrived at the beginning of February 1889, the Shah expected a continuation of the barrage of threats against the opening of the Karun and the concession to Reuter. But the Dolgorouki of menace did not reappear. Instead, the minister assured the Shah of Russia's strong commitment to the independence of Persia. The best interests of the country, he asserted, would be served by maintaining a balance between British and Russian influences. That balance had been upset by the opening of the Karun, which primarily was to the advantage of British commerce. In these circumstances, it was only reasonable that Persia restore the balance by such measures as ceding to Russia navigation rights in the lagoon at Enzeli on the Caspian Sea, and to all rivers flowing from Persia into the Caspian Sea. In addition he sought a moratorium on railway concession for five years, during which time Russia would consider projects for railway construction by Russian companies.⁷¹ Amin-us-Sultan requested a British response immediately to these demands and within a day received Salisbury's advice. The opening of all rivers from Persia to

the Caspian, Salisbury replied, was of little substantive significance. The railway clause, however, if approved would enable Russia to forestall any construction by nationals of any other country and the Shah should either restrict the moratorium to less than five years or reject it altogether.⁷²

The Shah attempted to escape complete submission to the Russian demands but, under pressure from a now-menacing Dolgorouki, he agreed to their terms. He assured Wolff, however, that, while Russia would have the right of railway construction in the north, Britain would have priority in the south.⁷³

Beneath these moves and counter-moves were Russian and British perceptions of their national interests in south-central Asia. The briefly pacific Dolgorouki was not a creature of his own invention; he was acting on instructions from the Russian Foreign Office, as he had been in his belligerent phase. There was a strong military-oriented party which supported the advance of Russian railroads and their extension into Persia and, if possible, to the Persian Gulf. But more cautious statesmen, including de Giers and Zinoviev, were opposed to such an extreme policy, which would directly challenge Britain. They pointed out that railways ran both ways and would not necessarily serve the interest of Russia rather than Britain. Beyond that, the costs of railway construction would be immense and it was doubtful that they could be built without recourse to foreign capital. In the circumstances, they saw a good case for no railway construction whatsoever.⁷⁴

Salisbury and Wolff had conceived a concession to Reuter of a Tehran-Karun railway as an essential part of a river-rail system which would extend British influence into central and northern Persia.⁷⁵ They had also hoped to promote a coalescence between Mackinnon's and Mackenzie's group and Reuter, in large part because they had more confidence in their *bona fides* than they had in Reuter. Now these reputable capitalists were no longer interested. Reuter, however, indicated that he had abundant capital at his disposal without their involvement.⁷⁶

Both Salisbury and Wolff had a low opinion of Reuter's reliability. The Baron's frequent reminders to them that he had friends in high places in Russian political circles and of his sacrifice in refusing to throw in his lot with Russia because of his loyalty to Britain had the opposite effect on them to what he had intended.⁷⁷ Beyond that, his refusal to provide precise information about the identity of his backers and the extent of their involvement reinforced their belief that he was not to be trusted.

The major consideration affecting British policy, however, was the assessment of Russian intentions. Who was in control of Russian policy regarding Persia? How seriously should Russian threats be taken? Wolff and Salisbury believed the Russians were bluffing, but suppose they were not? Britain was not prepared to fight a war for prospective commercial benefits in Persia, and strategic interests could be served by other means.

It was considered imperative that Russia be denied access to the Persian Gulf, but this proscription did not require British railroads into the north of Persia. As for continuing Russian railway expansion toward Persia, this could be countered by other means than backing private entrepreneurs in their efforts to seek railway concessions from a shah whose responses were like a weathercock to the winds from Russia and from Britain.

Perceptions as to the appropriate course of British policy in these circumstances varied widely. Wolff, with considerable support from Salisbury, favored mutual recognition by Britain and Russia that there already existed *de facto* spheres of influence – the Russian north and the British south – and the railway construction should reflect that reality. Persia would remain legally independent but the Shah would be required to act in accordance with the wishes of the two great powers at least insofar as railway construction was concerned. The military advisers to the Government of India from their perspective in Simla had a contrary view. Russia, they maintained, was committed to expansion southward and British policy should be to thwart the construction of railways which would serve that purpose. General Sir Henry Brackenbury, the Director of Military Intelligence, expressed this opinion with particular force. In a memorandum of 8 October 1889, he condemned as utter folly any understanding with Russia on the lines suggested by Wolff: 'It is little short of treason to every interest of our Empire to connive at or assist in any way the promotion of Russian railways in the north of Persia'.⁷⁸

Brackenbury was not content with mere resistance to Russian initiatives. He advocated as a counter-measure a railway from Quetta in Baluchistan to the Persian province of Seistan. Quetta was the headquarters of a strong garrison, the southernmost point of a system of strategic railways to the north-west frontier. The Baluchistan section of the railway would be built with a guarantee by the Indian government and Brackenbury suggested that Reuter might be induced to build the Persian section. The Indian government would lease the railway when it was built. The railway would attract trade from eastern Persia as well as from Afghanistan and other parts of Central Asia and would neutralize the Russian strategic advantage from the lines in the Transcaucasian area.⁷⁹ Colonel Mark S. Bell, Brackenbury's deputy, had journeyed through the route through Seistan all the way to Khorassan on a Curzon-like tour and confirmed the economic and strategic opportunities of the projected line.⁸⁰

Brackenbury's concept of aggressive defence against the Russian menace was strongly endorsed by the Government of India but evoked a mixed response from the Foreign Office. Sir Philip Currie, the Permanent Under-Secretary, described the project as 'premature'.⁸¹

Morier in St. Petersburg agreed with Brackenbury's argument that Britain must use every means to delay the advance of Russian railways to the south but not with his conclusions as to the appropriate British

response. As Morier saw it, the Russian Foreign Office had a vast inferiority complex with regard to British capabilities. 'Co-operation' in the sense of opening Persia to railways built by Russians and by Britons would mean to the Russian Foreign Office who had 'a blind faith in the resources of the British Empire' that British contractors in a short time would construct a trunk line from the Persian Gulf to Tehran, with branches all over Persia. The military party, on the other hand, was an advocate of aggressive railway construction to the south for strategic purposes. In this conflict of advocacies, the decisions of the Tsar would be final, and there was reason to believe, said Morier, that the Tsar would tilt the balance to the military side. Morier's advice was to avoid a railway competition with the Russians.⁸²

Morier's comments were in effect a criticism of Wolff and an indictment of the minister in Tehran for allegedly usurping the functions of the ambassador in St. Petersburg. This effusion was a direct result of Salisbury's special relationship with Wolff and involved one of the more bizarre episodes in British diplomacy of the nineteenth century. Wolff had been chosen by Salisbury because of his confidence in a man who had a grasp of the wider issues of British diplomacy, in particular of Anglo-Russian relations in the Near and Middle East. Wolff and Salisbury rarely disagreed on policy issues with regard to this area. When the Shah decided to make a European tour in the summer of 1889, Salisbury summoned Wolff to London to help with the Shah's reception.⁸³ Wolff's arrangements helped to make the visit a success but beyond that Wolff himself had the opportunity to ventilate his views on British policy in south-central Asia. Among his most avid listeners was the Prince of Wales. Wolff had been introduced to the Prince by Wolff's fellow-member of the Fourth Party, Lord Randolph Churchill, who at that time was still in the good graces of the Prince. The Prince was much impressed with Wolff, who was a provocative conversationalist, especially since Wolff's views were in harmony with his own. Wolff had corresponded privately with the Prince from the beginning of his tenure at Tehran, on the fascinations of life at the court of the Shah. When the minister came to Britain on the occasion of the Shah's visit, he had no difficulty in convincing the Prince that an agreement on Persia could be the basis for a new era of Anglo-Russian rapprochement. The Prince advised Wolff to see the Tsar in Berlin while the Russian monarch was on a state visit in October 1888 and arranged for Wolff to have a private audience.⁸⁴ According to Wolff's assessment, the interview was a great success; he reported to Salisbury that the Tsar was much impressed.

Such private conversations among the ruling classes on matters of state were unusual but not unique. The Prince of Wales, who was literally irresponsible as being merely the heir apparent, was particularly active in such discussions. Before he recommended Wolff to the attention of

the Tsar, he had been the sponsor of Lord Randolph Churchill on a similar mission, which had caused considerable commotion because of Churchill's lack of discretion, and Victoria had had to reprimand her errant son. In the case of Wolff, the response of the British government was more muted. Wolff had confined himself to a private interview with the Tsar and had reported his version of what took place immediately to Salisbury. Salisbury's biographer states that the Prime Minister asserted that the first he had heard of Wolff's appointment with the Shah was from the Prince of Wales, and he complained to the Queen at this violation of constitutional principles. But significantly, he did not reprimand Wolff for his actions. The gospel being preached by Wolff was in harmony with Salisbury's objectives though Salisbury thought his minister was somewhat unrealistic about the immediate prospect of their being realized.⁸⁵

Morier was outraged that Wolff had given advice to the Tsar without the presence of the British ambassador to St. Petersburg. In a letter to Salisbury loaded with sarcasm, he spoke of Wolff's 'great stroke in pushing the Czar to the foot of the wall' by calling on him to join with Britain in advancing Persia's entry into the modern world through railway construction. The effect, said Morier, would be that Britain would 'use every means' to build a line from the Persian Gulf to Tehran while doing all that it could to frustrate Russian construction in the north. The result, Morier predicted, would be Russian-British confrontation, not accommodation.⁸⁶

Morier's appraisal of Wolff's intentions, while jaundiced by personal pique, was essentially accurate. Wolff, the impassioned advocate of 'co-operation' sought to preserve British dominance in the Persian gulf and to promote British economic superiority as far as possible into the interior of Persia. Like Brackenbury he had no doubt of Russia's aggressive intentions, and endorsed the idea of a railway from Baluchistan to Seistan as means of maintaining at least strategic equality if not predominance *vis à vis* Russia. Despite the ambitious ideas of various entrepreneurs and various statesmen, the inter-relations among Russia, Britain and Persia in the last years of the nineteenth century produced stalemate. Given all the risks of the alternative, the interests of all three governments were served by non-action so far as railways were concerned.

The Shah, confronted by conflicting pressures from Russian and British ministers, made secret commitments to both which, given the leakiness of the Persian court, did not long remain confidential. In August and September 1887 he had secretly given verbal assurances to Dolgorouki that he would grant no concession to any foreign company for construction of a railway or waterway. Russia had made the opening of the Karun to international navigation a pretext for a protest that this was a violation of the agreement.⁸⁷

Russian policy in succeeding months swung between two extremes – demands for railway concessions and insistence on a moratorium on all

railway construction, including Russian, while the government debated what, if anything, should be done.⁸⁸ In October 1888 Dolgorouki extracted another secret agreement from the Shah to suspend all construction for a five-year period unless he had the consent of Russia. This unilateral declaration was not acceptable to Britain, which insisted on equal treatment. The Shah gave in to both sides, accepting the Russian moratorium but assuring Britain in writing that it would be granted railway rights whenever any such concession was made elsewhere.⁸⁹

Despite these commitments there was no moratorium on railway projects. In January 1889, Lev Raffalovich, the Persian consul at St. Petersburg, and Boris Poliakoff, the son of the Persian consul at Taganrog, appeared in Tehran under the auspices of Dolgorouki to seek a railway concession. They represented a syndicate which was composed of leading Russian financiers, including their respective families. They were actuated, they told the Prime Minister, by goodwill toward Persia and the desire to bring money into the country. The Shah informed them, he told Wolff, that he was prepared to grant railways only for commercial purposes, and would reject any lines into Khorassan which he would consider strategic.⁹⁰ But as he frequently did, he left much unsaid.

The proposals of the Russian promoters were of comparable imperial extent to those embodied in the original Reuter concession. Not only did they seek a railway to the Persian Gulf but they sought concessions involving almost every aspect of the Persian economy. Included in their list were a bank, special rights in river and ocean transport, hotels, wool-growing, cotton and linen fabrication and sale, export of paper and cardboard and rights to saw mills, chemical products, bricks, foundries, oil refineries, export of tobacco and opium, tramways, and many other rights.⁹¹ The Shah rejected the proposal on the ground that it was exorbitant⁹² but it had already failed because of opposition from the Ministry of Foreign Affairs and other departments in St. Petersburg who considered that the project was hazardous politically and risky financially.⁹³ Salisbury, in his abrupt fashion, put the matter somewhat differently. The promoters, he said, were not railway contractors but 'third-rate Jews', without claims to any credit standing.⁹⁴

Adding to the spice of concession-mongering was a flotation on the London market to which the Shah's family were accessories. In October 1889, there appeared on the London Stock Exchange a prospectus advertising shares in the 'Anglo-Asiatic Syndicate', registered as a joint-stock company. The syndicate claimed extensive concessions in Azerbaijan, including mines and factories as well as rights to construct a carriage road and levy tolls thereon. These rights, according to the prospectus, had been granted to the Shah's son and heir presumptive, who had assigned them for an unspecified and indeed unmentioned price to a group headed by two individuals of dubious reputation, Colonel Lawrence Cloete and William

C. Watson. Colonel Cloete, whose career in South Africa and Britain was described by Wolff as 'not of the first lustre', had been recommended by Malkum Khan for the office of Persian Consul General in London.⁹⁵ Malkum Khan denied all knowledge of the syndicate but his protestations were exposed as fraudulent when it was revealed that it was one of a cluster of sleazy promotions in which Malkum had been centrally involved. Besides Malkum the other moving force in the syndicate was Watson, who had been the promoter of the Hyderabad Mining Company which was more effective in extracting money from unwary investors than mining operations. He had escaped jail when the Hyderabad government decided not to prosecute because of the expense involved in litigation.⁹⁶ At the time that the Anglo-Asiatic Syndicate came to the British government's attention, the stock was selling on the London stock exchange at £100 share, a tribute to the credulity of the investing public.⁹⁷ The Anglo-Asiatic Syndicate soon passed from sight, its significance of little moment except as a commentary on the universality of greed.

Salisbury and Wolff sought to break the deadlock over railway construction by promoting an Anglo-Russian understanding that railways in Persia should be neutralized politically like the Suez Canal. A means of doing so would be to create an international company in which Persia, Britain and Russia should be officially represented and which would derive its capital from financiers throughout Europe rather than from Russia or Britain alone. Investment could be encouraged by assignment of Persian customs dues.⁹⁸ The international group might include not only Europeans but Americans.⁹⁹

The initial promoter of this grand scheme was Salisbury. Before Wolff appeared on the scene, the Prime Minister had been involved in the aborted discussions with Mackinnon and Mackenzie to promote railway construction from the Karun into the interior of Persia. To provide assurance of adequate returns he thought of inducing the Shah to allocate customs revenue to meet the interest payments until the railway could meet its expenses. This merged in the next few months into a scheme for a Grand Trunk Railway through Asiatic Turkey to the Persian Gulf.¹⁰⁰ The problem was not lack of support from the Imperial government or its new minister in Tehran, Sir Henry Drummond Wolff, but the unavailability of capitalists willing to undertake the responsibility without the assurance of guarantees.¹⁰¹ Whatever prospects there might have been to launch the great international company faded away as prospective candidates declined and as Russian attitudes hardened. When Wolff broached the subject to Alexei Speyer, the Russian *chargé d'affaires* in Tehran in February 1890, the response was that any such scheme would be in the interests of Britain and what counter-advantage would Britain offer Russia? For example, a concession of special privileges in Afghanistan would be welcomed. This suggestion Wolff considered did not merit an answer.¹⁰²

The spirit of co-operation between Britain and Russia that Wolff had so blithely envisaged in his conversation with the Tsar dissipated rapidly, if it ever existed. The relations between the two governments were based on mutual suspicion. Both were convinced of the malevolent intent of the other. Russia could not compete with Britain economically; Britain feared the aggressiveness of Russian military power in south-central Asia. The result of these conflicting forces was a stalemate. Russia and Britain for the time being found it to their mutual advantage to have a moratorium on railway construction. Despite rumors of new railway projects which cropped up from time to time, the moratorium of 1889 held for the rest of the century. The energies of capitalists from Britain, Russia, France, the United States and Belgium had resulted in the construction of the ten miles of railway between Tehran and the shrine of Abdul Azim.

The great hopes that Wolff and Salisbury had nourished for opening up Persia to commerce by railway and river communication were based on unrealistic expectations. The opening of the Karun River to international navigation did not produce the expected returns. This was partly due to the fact that ancillary railways were not constructed, but the fundamental consideration was that the Persian economy did not provide adequate opportunities for great profits for European businessmen.

Opening of the Karun River to navigation had been considered a triumph by the Salisbury government. To promote the success of British enterprise, it had been willing to sell the Lynch Brothers' Euphrates and Tigris Steam Navigation Company a small stern-wheel steamer originally built for navigation on the Upper Nile for a fraction of the price of its construction.¹⁰³ Beyond that they and the Government of India committed themselves to paying for a five-year joint subsidy of £2000 per year or the yearly deficit of the Company, whichever was less. Initially the British government sought to make the payments in the guise of a postal subsidy, as was paid to ocean-going ships, but dropped the idea when the Post Master General indicated that he could not support this misuse of a mail subsidy.¹⁰⁴

The contributions were small, but the policy issue involved was important. A cardinal principle of British free trade was that enterprises should accept the risks in their businesses and that government support would not be available. Postal subsidies for British ships on the high seas had been an exception, but even in that case the amounts involved were markedly less than those paid by France and Germany. Governments, whether Liberal or Conservative, had maintained the posture of no financial support for many years and if there were any inclination to soften that stance, the Treasury was always alert to defend doctrinal purity. In the case of the Karun navigation, however, the Salisbury government acted on behalf of what it considered to be a national purpose, and the Treasury acquiesced.¹⁰⁵

The support of the governments of Britain and India, however, was not

adequate to make the Karun venture a success. Profitability depended on shipping being part of a transportation system, whether by improved roads or by rail, in the center of eastern Persia. But neither system was developed, in part by Russian veto and in part by Persian obstructionism. The Shah insisted on retaining his monopoly of navigation above the rapids of Ahvāz and his local representatives made life miserable for the company by obstructionism apparently motivated primarily by the folkways of Persian bureaucracy.¹⁰⁶

The sodden condition of the Lynch operations on the Karun continued, despite British governmental efforts to assist by continued subsidies and by representations to the Persian government. A traveller who in 1900 observed the company's travails concluded that the business was a sure candidate for bankruptcy. While he was visiting the Karun, the ship plying the river below Ahvāz brought in a cargo of only one package, and the roads into the interior above Ahvāz were little patronized. He added:

In other words the much-vaunted Karun route, in spite of the money spent on it by the British pioneers of this part of the world, is not much more advanced to-day than it was fourteen years ago.¹⁰⁷

So depressed was the business of the Lynch brothers on the Karun that the *Moscow Exchange Gazette* wrote in 1889 that it was now clear that the 'advantages gained by England in the Karun arrangement were not as important as at first feared'.¹⁰⁸

An examination of British policy in Persia between 1870 and 1900 cannot be used to support a grand generalization with regard to principles applied throughout the world during this period except in the most restrictive sense. In Persia, as elsewhere, the watchdog of the Treasury guarded against attempts to break the prohibition of governmental guarantees for projects outside the British Empire, but even here the line was not absolute.¹⁰⁹ In the case of the Reuter concession in 1873 the Foreign Office under Granville was not prepared to support Reuter's proposed railway an issue of overriding national concern, in part because of their dedication to principle and in part because of their distaste for the promoter. The Liberal Government of the day was strong in the faith of untrammelled free trade with all its risks being borne by those who participated in it. But as far as Persia and Reuter were concerned, the Disraeli government of 1874-80 did not act in a markedly different manner from its Gladstonian predecessor. Lord Derby at the Foreign Office was no more supportive of Reuter than Granville had been. The most that Derby was prepared to do was to seek some compensation for Reuter's expense and labor if he would renounce all other claims on Persia. In this he had the full support of Benjamin Disraeli.¹¹⁰ The Liberals between 1880 and 1885 continued this unaggressive line. The great change took place with the advent of Salisbury to the Prime Ministership. Salisbury, influenced by

his previous experience at the India Office, was far more aggressive with regard to protecting the environs of India than his immediate predecessors had been, despite the Disraeli government's fiasco in Afghanistan in 1878. Salisbury saw the advance of Russia toward Persia as a threat to Britain's interests on the Persian Gulf and perhaps eventually to India itself, and he sought non-military means to counteract it. Britain must be a balance, he believed, providing assurance of diplomatic support to the Shah in resisting Russian importunities. Beyond that he promoted the expansion of British trade particularly in the south of Persia by securing the opening of the Karun River to international navigation and by encouragement to British financiers to build railways serving both commercial and strategic interests. To advance his initiatives, he employed Sir Henry Drummond Wolff, a true believer in Salisbury's principles who did not succeed in his plan. Nor did he fail. By the obstruction of Russia and the reluctance of British financiers to get involved in Persia, the railroads he desired were not built. He had been prepared to circumvent the strictures of the Treasury by inducing Persia to make available customs receipts to guarantee the interest on the capital employed by the railway builders, but even this had not produced positive responses. All of this seems to indicate failure. But he was successful in a negative way when the Russians out of fear of the superior power of British capital resorted to moratoriums on railway building, leaving Britain in control in the south of Persia and maintaining at least the nominal independence of Persia. For better or worse, his initiatives and Russian responses anticipated the Anglo-Persian pact of 1907.

NOTES

1. William F. Ainsworth, *The River Karun* (London, 1890), p.185.
2. Stephen Lynch & Co. to Mackinnon, 19 August 1863, Mackinnon Papers, Box 96, School of Oriental and African Studies, London.
3. Mackinnon to Lynch, 21 October 1873, in *ibid*.
4. Copy, *Macgregor's Gazetteer*, n.d. (1880s) FO 97/590, Public Record Office (hereafter PRO), London.
5. Thomson to Clarendon, 7 January 1867, FO 248/260, PRO.
6. Henry Rawlinson, 'Railways in Persia', 4 June 1871, encl. in Duff to FO, 30 June 1871, FO 60/405, PRO.
7. W.T. Thomson to Clarendon, 20 January 1870, FO 248/260, PRO.
8. Memo, A. Gasteiger, October 1869, FO 249/279, PRO.
9. Shee to Granville, 14 July 1873, FO 248/286, PRO; F. Kazemzadeh, *Russia and Britain in Persia* (New Haven, 1968), p.101, Kazemzadeh is the standard source on the subject.
10. John S. Galbraith, *The Hudson's Bay Company as an Imperial Factor* (Berkeley, 1957), pp.370-71.
11. Watkin was told that the length of the line would be only four or five miles. Watkin to Granville, 24 May 1871, FO 60/405, PRO.
12. *Ibid*.
13. Alison to Granville, 17 July 1871, in *ibid*.

14. M. E. Grant Duff, India Office, to Under Secretary, FO, 30 June 1871, in *ibid.*
15. Hamid Algar, *Mirza Malkum Khan*, (Berkeley, 1973), pp.115.
16. *Ibid.*, p.116.
17. W. T. Thomson to Granville, 9 July 1872, FO 248/278, PRO.
18. L.E. Frechtling, 'The Reuter Concession in Persia', *The Asiatic Review*, 34 July 1938, pp.520–21.
19. See Kazemzadeh, *op. cit.*
20. Henry Rawlinson, *England and Russia in the East*, (London, 1875), p.122.
21. A. P. Thornton, 'British Policy in Persia', *English Historical Review*, LXIX, October 1954, p.561.
22. Wilfrid Blunt, *Secret History of the English Occupation of Egypt* (London, 1903), p.82.
23. Algar, *Malkum Khan*, pp.11–12.
24. Lascelles to Sadler, 12 July 1893, FO 800/14, PRO.
25. See for example, Amin-us-Sultan to the Shah, 26 January 1892, FO 248/540, PRO. The Prime Minister refers to 'gifts' of £25,000 each being made to the Shah and others.
26. These were the words of the Grand Vizier as quoted by the British Minister, W. T. Thomson to Granville, 8 November 1873, FO 60/405, PRO.
27. W. T. Thomson to Granville, 8 November 1873, FO 60/405, PRO.
28. W. T. Thomson to Granville, 4 December 1873, FO 248/288, PRO.
29. *Tehran Gazette*, 10 November 1873.
30. Shee to Granville, 14 July 1873, in Granville to Thomson, 7 August 1873, FO 248/286, PRO.
31. W. T. Thomson to Granville, 2 December 1873, FO 248/288, PRO.
32. Treasury to Hammond, 7 June 1873, FO 60/405, PRO.
33. A. Bush to Hammond, 12 June 1873, FO 60/405, PRO.
34. Telegram, W. T. Thomson to Granville, 7 April 1873, 17 April 1873, both in *ibid.*
35. Reuter to Granville, 21 May 1873, FO 60/405, in *ibid.*
36. Viceroy, Lord Mayo, to Secretary of State, India, Secret, 19 January 1872, FO 248/277, PRO.
37. Merivale, India Office, to FO, 13 December 1873, in *ibid.*
38. Memo, H. C. Rawlinson, 5 June 1873, in *ibid.*
39. Memo, Champani, Simla, 10 July 1873, in Northbrook to Hammond, Private, 19 July 1873, in *ibid.*
40. Granville to Loftus, 4 June 1873, FO 30/29/114, PRO.
41. Bradford G. Martin, *German–Persian Diplomatic Relations, 1873–1912* (The Hague 1959), p.25.
42. Magniac to Granville, 14 July 1873, FO 60/405, PRO.
43. W. T. Thomson to Granville, 7 April 1873, in *ibid.*
44. Hammond to Gladstone, 29 May 1873, FO 60/358, PRO.
45. Frechtling, *op. cit.*, p.529.
46. Reuter to Derby, 16 March 1874, FO 60/406, PRO.
47. Derby to Reuter, 9 July 1874, in *ibid.*
48. Salisbury to Lytton, Private, 22 June 1877, Layard Papers, Addtl MSS 39164, British Library.
49. Lytton to Salisbury, 16 July 1877, in *ibid.*
50. W. T. Thomson to Derby, Confidential, 7 July 1874, in *ibid.*
51. Mallet, India Office, to FO, 6 August 1874; note by Tenterden, Immediate, 6 July 1874, both in *ibid.*
52. Tel., W. T. Thomson to FO, 5 May 1875, FO 60/407, PRO.
53. Harold Nicolson, *Sir Arthur Nicolson, Bart, First Lord Carnock* (London, 1930), p.60.
54. J. A. Godley, India Office, to Foreign Office, 26 July 1888, FO 97/590, PRO.

55. Salisbury to Wolff, 29 February 1888, FO 248/261, PRO.
56. Algar op. cit., p.125, citing Kazemzadeh op. cit., p.242. Kazemzadeh on p.209 refers to Wolff's friendship with Reuter. On p.242 he is not so explicit.
57. Telegram, Very Secret, Wolff to Salisbury, 13 December 1888, FO 248/468, PRO.
58. Telegrams, Wolff to Salisbury, Most Confidential, 8 November 1888, Confidential, 29 November 1888, and Very Secret, all in *ibid*; 26 March 1890, FO 248/498, all in PRO.
59. Telegram, same to same, 1 December 1888, FO 248/468, PRO.
60. FO to Wolff, 29 February 1888, FO 60/491, PRO.
61. Mackenzie to Sanderson, 17 August 1888, FO 97/590, PRO.
62. Same to same, 27 June 1888, in *ibid*. See Rose Louise Greaves, *Persia and the Defence of India, 1884-1892* (London, 1959), pp.144-6.
63. Godley to FO, Confidential, 26 July 1888, FO 97/590, PRO.
64. Telegram, Salisbury to Wolff, 18 September 1888, FO 248/462, PRO.
65. Kazemzadeh, op. cit., p.198.
66. These messages are in FO 97/590, PRO.
67. Wolff to Salisbury, 14 September 1888, FO 97/590, PRO.
68. Telegram, Wolff to Salisbury, 20 December 1888, FO 248/468, PRO.
69. Telegram, Currie to Wolff, Very Secret, 1 January 1889, FO 248/477, PRO.
70. Kazemzadeh, op. cit., p.210.
71. Telegram, Wolff to Salisbury, Most Confidential, 18 February 1889, FO 248/480, PRO.
72. Telegram, Very Secret, Salisbury to Wolff, 19 February 1889, FO 248/477, PRO.
73. Telegram, Urgent and Very Secret, Wolff to Salisbury, 26 February 1889, FO 248/480, PRO.
74. Confidential Print, Secret, Morier to Salisbury, 28 December 1888, FO 248/477, PRO.
75. Telegram, Very Secret, Wolff to Salisbury, 7 November 1888, FO 248/468, PRO.
76. Wolff to Salisbury, Most Confidential, 8 November 1888, in *ibid*.
77. Kazemzadeh, op. cit., pp.201-2.
78. Memo, Brackenbury, cited in Morier to Salisbury, Most Secret, 13 November 1889, FO 248/479, PRO.
79. Telegram, Wolff to Salisbury, Very Secret, 12 November 1888, FO 248/468, PRO. Wolff to Salisbury, Most Confidential, 19 February 1889, FO 248/480, PRO.
80. Telegram, Very Secret, Wolff to Salisbury, 12 November 1888, PRO. The line envisaged by Brackenbury was advanced as far as Nushki, 70 miles north of Quetta in 1902, from which caravan routes fed the trade with Seistan.
81. Telegram, Currie to Wolff, Most Confidential, 31 March 1889, FO 248/478, PRO.
82. Morier to Salisbury, Most Secret, 13 November 1889, FO 248/479, PRO.
83. Telegram, Salisbury to Wolff, 15 March 1889, FO 248/477, PRO.
84. Sidney Lee, *King Edward VII* (2 vols., London, 1925-27), Vol.I, pp.685-7.
85. Henry Drummond Wolff, *Rambling Recollections*, (2 vols., London, 1908), Vol.II, p.366.
86. Morier to Salisbury, 6 November 1889, FO 248/479, PRO. According to Morier, de Giers stated that the Tsar had met Wolff in Berlin at 'the reiterated request' of the Prince of Wales.
87. Morier to Salisbury, 13 November 1889, FO 248/479, PRO.
88. Wolff to Salisbury, Secret and Confidential, 10 February 1889, FO 248/480, PRO.
89. Telegram, Pauncefote to Wolff, Very Secret, 1 March 1889, FO 248/477, PRO.
90. Wolff to Salisbury, Confidential, 28 January 1890, in *ibid*.
91. Wolff to Salisbury, 1 February 1890, 4 February 1890, in *ibid*.
92. Wolff to Salisbury, 6 February 1890, in *ibid*.
93. Kazemzadeh, op. cit., p.231 ff.

94. Telegram, Salisbury to Wolff, 10 February 1890, FO 248/494, PRO.
95. Wolff to Salisbury, Secret and Confidential, 12 October 1889, FO 60/551, PRO.
96. John S. Galbraith, *Crown and Charter* (Berkeley, 1974), p.267. Watson later was involved in a stock-rigging operation involving the British South Africa Company.
97. Wolff to Salisbury, Secret and Confidential, 12 October 1889, FO 60/551, PRO. *The Times* (London), 4 October 1889.
98. Wolff to Salisbury, 14 February 1890, FO 248/497, PRO.
99. An American syndicate under the chairmanship of Francis H. Clergue, incorporated in Maine, had been actively seeking a concession from the Shah. *New York Times*, 30 September 1889.
100. Telegram, Salisbury to Nicolson, 7 July 1887, FO 248/461, PRO.
101. C. A. Theodoridi to Mackenzie, 9 March 1888, Mackenzie to –, both in *ibid*.
102. Wolff to Salisbury, 24 February 1890, FO 248/497, PRO.
103. The steamer cost £6,850 and was sold to the Lynch brothers for £2,500. Godley to FO, 15 January 1889, FO 60/549, PRO.
104. Treasury to FO, 15 October 1890, FO 60/550, PRO.
105. *Ibid*.
106. See, for example, Lynch to FO, 4 May 1894, FO 60/571, PRO. This and other files in the series are replete with complaints about Persian officials.
107. H. J. Whigham, *The Persian Problem* (New York, 1903), p.121.
108. Extract, *Moscow Exchange Gazette*, 21 March 1889, FO 60/549, PRO.
109. See Treasury to Hammond, 7 June 1873, FO 60/405, PRO.
110. Derby to E.T. Thomson, 28 May 1874, and note on Reuter's letter of 6 July 1874, both in FO 60/406, PRO.