

Yudai Ri (The University of Tokyo, PhD student)

How the Bolshevik Regime in Its Initial Period Dealt with the Legacies of the Ancien Régime: Concessions in Persia

Introduction

The geopolitical structure formed during the Great Game, in which the empires of Russia and Britain competed with one another in 19th-Century Persia¹, was maintained even after the Russian Revolution. This conclusion is reached through consideration of the ways in which the Bolshevik regime, in its initial period, dealt with the legacies of the ancien régime. After the signing of the Anglo-Russian Entente in 1907, northern Persia was incorporated into Russia's sphere of influence and, within it, various concessions were granted to Russian subjects, both before and after the Revolution. Two of those concessions were particularly important: the Lianozov concession, which granted him fishing rights on the southern coast of the Caspian Sea; the Khoshtariya concession, which granted the right to develop oil fields in northern Persia. By examining how the Soviet regime engaged with these legacies of the ancien régime by means of both confrontation and reconciliation with Persia, and other countries, this paper will outline points of historical continuity between imperial Russia and the Soviet Union.

Prior research on the history of Russo-Iranian relations has not treated the Lianozov and Khoshtariya concessions as a major theme. Almost all previous studies, whether written in English, Russian, or Persian, have given only a fragmentary outline of that history. To be sure, there are few if any studies that analyze them diachronically.² In general, researchers who specialize in Russian history do not use Persian sources, while those who focus on Iranian history do not use Russian materials. Such a situation has been caused by language barriers and difficulties in accessing historical materials. Therefore, multi-archival and multi-faceted studies have rarely been conducted.

To overcome this limitation, the author will make use of Russian archival documents and Persian primary documents, to provide a clear historical picture of how the Soviet regime dealt with the legacies of Imperial Russia. First, because nationality and the legitimacy of governments to guarantee

¹ In 1935, Reza Shah ordered foreign countries to call his country not Persia but Iran. The name "Persia" is basically used here since the history of Iran before 1935 is the target of analysis.

² For instance, Louis Fischer, *Oil Imperialism: The International Struggle for Petroleum* (New York: International Publishers, 1926); Guive Mirfendereski, *A Diplomatic History of the Caspian Sea: Treaties, Diaries and Other Stories* (Springer, 2001), pp. 119-129; Benjamin Shwadran, *The Middle East, oil and the great powers* (1985), pp. 71-78; Muṣṭafā Fātiḥ, *Panjāh Sāl Naft-i Īrān* (Tihṙān, 1979), pp. 326-342; Ю.А. Дёмин, «Советская политика в отношении бывших царских концессий в Иране (1921-1927 гг.): региональный и международный контексты» *Известия Саратовского университета. Новая серия. Серия История. Международные отношения*, Том 20, 1 (2020), С.14-21.

or nullify the property held by individuals become ambiguous in a fluid political climate, legal chaos arose when states attempted to resolve disputes over concessions that were initially held by individuals. Second, the Soviet Union was no different from Imperial Russia in that the former continued to believe throughout the 1920s that its concessions in northern Persia must not be handed over to the British due to both economic and security concerns. Ultimately, this perspective was driven by the Soviet regime's refusal to abandon the perception that the Caspian Sea was Russia's sea and that northern Iran was Russia's backyard.

The Lianozov concession

With the advent of steamship traffic between Persian and Russian ports in the latter part of the nineteenth century, traders in Astrakhan became increasingly well acquainted with the fisheries in the southern Caspian Sea.³ In 1873, Stephan Martynovich Lianozov obtained the permission to exploit the fisheries throughout the southern Caspian coast, from Astara in the west to the mouth of the Atrak River in the east and at every point in between.⁴ The fishery property included two refrigerating plants, power stations and its own fleet—two steamships and over ten longboats—and in the high season, the fisheries employed 6—8 thousand workers, for whom barracks, bathhouses, and medical centers were arranged. Lianozov's firm every year supplied the market with about 800 thousand *poods*⁵ of sturgeon and over 12 thousand *poods* of black caviar.⁶

However, in 1918, Martyn Georgievich Lianozov, Stepan Martynovich's nephew, who possessed the concession and lived in Baku at that time, was unable to pay the rental fee to the Persian government on time, due to the outbreak of the civil war that followed the Russian Revolution. In early November 1918, Lianozovs' firm offered the Persian government, through the Russian Mission, 480,000 francs in gold for three terms of unpaid rent in 1918. Though he affirmed that this delay was obviously “force majeure,” the Persian prime minister Samsam os-Saltaneh took advantage of the situation and nullified the contract.⁷

Subsequently, Martyn Georgievich Lianozov sent a petition to the Russian Mission in Tehran on February 15, 1919. In the petition he asked the Russian Mission to use its own discretion in making a decision because “political circumstances in Russia prevented the Russian Mission in Tehran from receiving proper instructions from Russia on this matter.” The Persian government responded, “when

³ Mirfendereski, *op.cit.*, p. 125.

⁴ В. Кулаков, «Северные провинции Ирана в истории русского фронта в Прикаспии». Журнал Фронтальных Исследовани, № 1 (2016), С. 62.

⁵ One *pood* is approximately 16.38 kilograms

⁶ В. Л. Генис, Красная Персия (МНПИ, 2000), С. 234.

⁷ Gosudarstvennyi Arkhiv Rossiiskoi Federatsii (The State Archive of the Russian Federation, hereafter referred to as GARF), fond (f.) P9431, opis' (o.) 1, delo (d.) 194, list (l.) 3ob, 5ob.

the Russian Mission asked for a postponement for 4 months on the day of the deadline for payment of the *insignificant* lease payment, the government agreed to the postponement, despite the fact that the Ministry of Finance was in great need of revenue.” It continued that the lease payment for the fisheries was still delayed, and therefore, the provincial government considered the contract legally null and void.⁸

To make matters worse for Lianozov, on March 28, 1919, Nadir Mirza, governor of Anzali,⁹ came to the Lianozov fishery in Anzali to take inventory of its property and confiscate various fishery reserves “for the company's debt to the Persian government.” However, the company administration was not presented with an order to that effect by any judicial institution, or indeed any document at all, and the amount of debt was not specified. This incident caused the sudden cessation of fishing and threatened the company with enormous losses. On April, 1919, Pavel Nikolaevich Sokolov, legal adviser to the board of Trading House Heirs of G.S. Lianozov, petitioned the Russian Mission in Tehran to enter into negotiation with the Persian government for the immediate suspension of the illegal actions by the local Persian authorities.¹⁰

However, it is questionable whether the legation of the former government had any real power: the White Army had been defeated by the Red Army in many places and driven back to the Caucasus and the Far East. Furthermore, on June 26, 1919, Lev Mikhailovich Karakhan, the Deputy People’s Commissar for Foreign Affairs, issued a famous statement to the Persian government and people in which the Soviet Russian government decreed that the former consular jurisdiction in Persia was completely nullified.¹¹ This declaration was a tailwind for the Persian government because the protests from the legations of the former government regarding the Lianozov concession could now be ignored. The fact that the Persian government did not legally recognize the Soviet government did not matter to the Persians. Besides, Karakhan proclaimed in the statement that all concessions possessed by Imperial Russia and its subjects were terminated.¹² Thus, no government could guarantee Lianozov’s property.

In fact, in July, immediately after its announcement, the Persian government concluded a new 20-year contract with the Russian fish trader G. P. Vanetsov. He obtained half of the rights that Lianozov had owned and subsequently merged the Persian Trading House with the Tumanyants Brothers, which had obtained the remaining rights.¹³ The ostensibly anti-imperialist Soviet regime’s message to the “exploited” people of Persia in effect gave the green light to this policy decision by the Persian government.

⁸ GARF, f. P9431, o. 1, d. 194, l. 3ob, 15.

⁹ Anzali is a city in Gilan Province. Its port is the biggest on the southern coast of the Caspian Sea.

¹⁰ GARF, f. P9431, o. 1, d. 194, l. 5-6.

¹¹ *МИД СССР, Документы внешней политики СССР (Том 2) (Политиздат, 1958), С. 198-200.*

¹² Там же.

¹³ GARF, f. P9431, o. 1, d. 194, l. 3, 7; *Генис, Указ. соч., С. 234.*

However, as early as the beginning of 1920, Vanetsov's company went bankrupt, because of the inability to sell its catch due to changes in the political situation in the North Caucasus and Transcaucasia, as well as the sharp drop in the ruble.¹⁴ Around that time, the Red Army gradually defeated the White Army on the Caucasus front and occupied Baku on April 28, 1920.¹⁵ Despite the fact that this was not long after Karakhan's declaration, the overt deprivation in northern Persia by Caucasian communists began around this period.

On May 12, 1920, I. P. Babkin, Extraordinary Commissioner of the Sovnarkom and the Council of Defense of Soviet Russia for the Volga-Caspian Region, petitioned the Persian consulate general in Astrakhan to transfer the rights to lease Caspian Sea waters to the Soviet government. This attempt proved unsuccessful because G.Z. Tumanyants refused to cede his half of the rights.¹⁶ In May 1920, the Red Army advanced further and invaded Anzali (Gilan province). In early June, the Bolsheviks formed a united front with Jangalis, who had carried out the anti-imperialist movement against the British and Shah governments since around 1915 in Gilan province, and established the Iranian Soviet Republic in Rasht (the largest city in Gilan province), headed by Mirza Kuchek Khan, who had led Jangalis' movement as a charismatic leader.¹⁷

G. A. Kryshov, the chairman of the Central Administration for Fisheries and Seal-hunting of the Caspian Sea Waters (*Tsentroryba*) arrived in Gilan on July 17 to negotiate with the government of Kuchek Khan about the fate of Lianozov's and Vanetsov's concession. However, the Jangalis stated that this land had passed into the ownership of the Iranian Soviet Republic. Wishing to operate the fisheries independently, they asked only for specialists and necessary materials.¹⁸ Consequently negotiations broke down after ten days.

Around the same time, the Azerbaijani Communist Party began to intervene on its own in the movement in Gilan, ignoring the central government in Moscow, which was so preoccupied with the situation in the Polish–Soviet War that it could not afford to pay attention to the Soviet-Russian southern front. The party considered the Communist Party of Iran, which constituted a radical faction in the region, as a subordinate organization, and carried out a coup d'état in Rasht at the end of July. As a result, a government consisting of the Communist Party of Iran and the Jangali Left was established to replace the government of Kuchek Khan.

Kryshov, in cooperation with Budu Mdivani, a member of the Central Committee of the

¹⁴ *Генис*, Указ. соч., С. 234.

¹⁵ T. Swietochowski, *Russian Azerbaijan, 1905-1920: The shaping of a national identity in a Muslim community* (Cambridge University Press, 2004), p. 183.

¹⁶ *Генис*, Указ. соч., С. 234.

¹⁷ About the Jangali movement and military actions of the Red Army in northern Persia, C. Chaqueri, *The Soviet Socialist Republic of Iran, 1920-1921: birth of the trauma* (University of Pittsburgh Press, 1995); *М.А. Персиц*, Застенчивая интервенция. О советском вторжении в Иран и Бухару в 1920-1921 гг. (Москва: Муравей-Гайд, 1999).

¹⁸ *Генис*, Указ. соч., С. 234-235.

Communist Party of Azerbaijan, resumed negotiations with the new government in Gilan on August 3 and quickly achieved the desired result. By August 10, the Persian Fisheries Administration of the Southern Coast of the Caspian Sea started to function in Anzali, with M.K. Akhmetov, plenipotentiary of the Chief Administration for Fisheries and Fishing Industry (*Glavryba*) of the Supreme Soviet of the National Economy of Soviet Russia, as its commissar. Moreover, on November 12, a new agreement was signed between local communists representing Soviet Russia and the Gilan Revolutionary Committee, whereby Soviet Russia could put the waters of the Persian coast at its unconditional disposal. For an annual rent of 200,000 tomans, the Soviet Russian government received full ownership and disposal of all the fish and fish products caught there, the export of which was exempted from all duties.¹⁹

With famine spreading in Russia due to the economic collapse caused by the civil war, it was attractive to supply Russia with food from the fisheries in Gilan, which the communists had brought under their control. Consequently, anti-imperialist slogans were forgotten. This was war communism extended outside the country, which for the Persians was nothing but imperialism.

The “revolutionary” movement in northern Persia did not last long. The communists’ excessive socialist reforms in Gilan were unpopular among local residents, and as a result of reckless military operations “aimed at the fall of Tehran,” the communists had lost the ability to expand their dominion outside of Gilan. The Moscow government, learning of this situation in September 1920, shifted its policy toward diplomatic negotiations with the Persian government. Consequently, the Russo-Persian Friendship Treaty was signed on February 26, 1921. However, in the fourth quarter of 1921, when the communist and Jangali movements in Gilan were almost suppressed, the fishing grounds on the southern coast of the Caspian Sea were recaptured by the Persian government.²⁰ From this stage on, the Soviet government attempted to recover the fishery concession through diplomatic negotiations. As will be explored below, the Soviet diplomats in Tehran differed from the Caucasian communists in their methods but not in their goals. However, diplomatic negotiations that did not rely on military force were difficult for them.

Initially, the Iranian government intended to again lease the fishing waters to Lianozov. Naturally, Fyodor Aronovich Rotshtein, Soviet Russia’s plenipotentiary in Persia, protested this, citing Article 14 of the Friendship Treaty,²¹ in which Persia acknowledged the importance of the Caspian’s fisheries as a source of food for Soviet Russia and promised to conclude an additional future agreement on fisheries with the Food Service of Soviet Russia.²² Against this backdrop, on November 17, 1921, a

¹⁹ *Генис*, Указ. соч., С. 235-236.

²⁰ GARF, f. P374, o. 28, d. 676, l. 3.

²¹ Rossiiskii Gosudarstvennyi Arkhiv Sotsial’no-Politicheskoi Istorii (Russian State Archive of Socio-Political History, hereafter referred to as RGASPI), f. 5, o. 1, d. 2198, l. 40.

²² *МИД СССР, Документы внешней политики СССР (Том 3) (Политиздат, 1959)*, С. 541.

Russian-Persian commission convened to tackle the question of fisheries under Article 14 of the Friendship Treaty. After the ratification of the treaty by the Persian government on December 15, 1921,²³ the commission met again on February 11, 1922, and issued a statement that it could not proceed further on the matter unless the Persian government first settled the claims of the Lianozov enterprise arising from the 1918 cancellation of its concession. As mentioned above, it was the Persian government that had annulled the Lianozov concession, but it used that fact to keep the concession out of the Bolshevik hands.

Rotshtein had no choice but to concede to the Persian government at this point, for the winter fishing season had already begun. Thus, he agreed to authorize Lianozov to conduct the fishing. In return, he tried to petition Lianozov's company to supply 30 percent of the catch to Soviet Russia to solve the food problem and promise to return the fishing grounds and other facilities as soon as the fishery agreement was signed. Rotshtein hoped to have the fishery agreement signed by March 1922 when the fruitful spring fishing season began.²⁴

The Persian government was unwilling to make a comprehensive agreement with the Soviet government to lease fishing concessions on the southern coast of the Caspian Sea in semi-permanent terms, so it deliberately delayed negotiations on the matter. Under such circumstances, the Soviet diplomats reluctantly signed a temporary agreement with Tehran to satisfy the Soviet demand for fish products in 1922. In April,²⁵ the Persian government received 50,000 tomans in exchange for Soviet Russia's right to exploit fishery resources in Anzali and Hasan Kiyadeh²⁶ until August 1.²⁷ Additionally, Rotshtein's successor Boris Zakharovich Shumyatskii,²⁸ succeeded in reaching an agreement with the Persian government to resume negotiations on fishing leases after his personal negotiation with Qavam os-Saltane, then the Minister of Foreign Affairs, on August 20, 1922.²⁹

However, Soviet diplomats suffered from sabotage at the hands of Persian authorities. When Rothstein paid the Persian government 50,000 tomans for the temporary agreement as a rental fee for fisheries that spring, the Persian Ministry of Finance issued him an official receipt showing that the Ministry had received this amount for the lease of the fisheries. However, except for the receipt of this

²³ *Персиц*, Указ. соч., С. 167.

²⁴ RGASPI, f. 5, o. 1, d. 2153, l. 99-100.

²⁵ According to another document, it was March 18. *МИД СССР, Документы внешней политики СССР (Том 5) (Политиздат, 1961), С. 459.*

²⁶ Hasan Kiyadeh is located on the delta formed by the estuary of the Sefid-Rud on the southern coast of the Caspian Sea about 40 km east of Anzali.

²⁷ GARE, f. P374, o. 28, d. 676, l. 3.

²⁸ The Politburo in Moscow made the decision to appoint Shumyatskii as deputy minister, and on June 29, 1922, removed Rotshtein from diplomatic duties in Persia. *Ю.А. Дёмин, «Ф.А. Ротштейн и первые шаги советской дипломатии в Иране (1921-1922 гг.)» Вестник Томского государственного университета, 414 (2017), С. 58.*

²⁹ Whether another temporary agreement was concluded is unknown. *МИД СССР, Документы внешней политики СССР (Том 5) (Политиздат, 1961), С. 560-561.*

money, the Soviet Fisheries Administration had no documents certifying their right to exploit the fisheries. The Persian Ministry of Public Works, in examining the receipt, stated that it had value only as proof of the receipt of 50,000 tomans from the Soviet Mission, and that the reference to the lease of fisheries in the document was erroneous. The Ministry further asserted that it approved not a right to temporarily use the fisheries, but rather a right to monopolistically purchase fish for 50,000 tomans. Shumyatskii resented this, complaining that “the failure by one ministry to recognize an official document issued by another ministry” was “unprecedented in the history of diplomatic relations.”³⁰

Moreover, there was a conflict over tariffs imposed on fishery products exported from the southern coast of the Caspian Sea to Russia. Persian customs likely imposed tariffs on such fishery products, as on other exports. However, Shumyatskii opposed that measure and argued that unless a comprehensive agreement was signed on the long-term lease of fishing grounds, the provisions of the past Lianozov concession should be applied, so fishery products caught on the southern coast of the Caspian Sea should be exported to Russia tariff-free. In fact, the People’s Commissariat of the Workers’ and Peasants’ Inspection recognized that perishable fishery products had sometimes been illegally exported without permission from Persian customs.³¹ This suggests that the lack of detailed provisions in the temporary agreement on fisheries led to arbitrary legal interpretations by both sides, which resulted in conflict.

Lianozov, on the other hand, was opposed to Article 14 of the Treaty of Friendship, which allowed the Soviet government to conclude a formal agreement with the Persian government in the future regarding fisheries on the southern coast of the Caspian Sea. In the summer of 1922, Qavam os-Saltaneh wrote to Shumyatskii that the Lianozovs had lodged complaints with the Majlis and other authorities and were demanding a trial.³² According to a renowned Iranian politician Mohammad Mosaddegh’s memoirs, Qavam os-Saltaneh, then Prime Minister of Persia, entrusted the handling of this dispute to an arbitration committee, which consisted of three jurists. They concluded that when the Samsam os-Saltaneh regime had nullified the Lianozov concession in 1918, there had been eight years left until the contractual term of the concession expired, and therefore, Lianozov had the right to hold the fishing concession for eight years.³³ Moreover, on November 8, the arbitration committee decided in favor of the Lianozov enterprise and awarded it a 15-year fisheries concession in compensation for the canceled concession, provided that the enterprise pay one-half of its net profits

³⁰ GARF, f. P374, o. 28, d.676, l. 3-4; *МИД СССР, Документы внешней политики СССР (Том 5)* (Политиздат, 1961), С. 459-460.

³¹ GARF, f. P374, o. 28, d.676, l. 4; *МИД СССР, Документы внешней политики СССР (Том 5)* (Политиздат, 1961), С. 461.

³² *МИД СССР, Документы внешней политики СССР (Том 5)* (Политиздат, 1961), С. 561.

³³ Muḥammad Muṣaddiq, *Khāṭirāt va ta'allumāt-i Duktur Muḥammad Muṣaddiq* (Tihṛān: Intishārāt-i 'Ilmī, 1986), p.165.

to the Persian government.³⁴ The Persian government took such attitude toward the Lianozov concession to remind the Soviet regime that it was renting Lianozov's property, of which it could not deprive him.

However, likely surprising Tehran, Martyn Georgievich Lianozov soon left Persia for Moscow and on August 10, 1923, sold his Caspian Sea fishing rights and properties to the People's Commissariat for Food, even though by the terms of the original concession all workshops and movable properties relating to the concession were mortgaged to the Persian government and prohibited from being sold or transferred to any other person. This deal in Moscow was paralyzed by a lawsuit brought by the Persian government against Lianozov, under which it considered the property of the fisheries confiscated to repay debts.³⁵ This reaction of the Persian government was perfunctory, completely reversing the decision of the arbitration commission in 1922.

In 1924, the Soviet government began to propose a fifty-fifty Russian-Persian joint venture to assume the exploitation of the southern Caspian fisheries. On October 7, 1924, Shumyatskii signed an agreement with the Persian government regarding the establishment of a joint venture for fishing operations for a period of 25 years. The Soviet side assumed that though the executive board of the joint venture company would consist of an equal number of members from both the Soviet Union and Persia, the Soviet specialists would effectively take over the management of the company.³⁶

It seems that Shumyatskii intended to conclude an inter-governmental agreement that would not require a cumbersome ratification process by both governments, to acquire the fishing rights at once in the middle of the political unrest at the very end of the Qajar dynasty. However, The People's Commissariat for Foreign Affairs intervened and insisted that the agreement be ratified. The People's Commissariat of the Workers' and Peasants' Inspection criticized it for bureaucratic indecisiveness, which had prevented Soviet diplomats in Tehran from immediately reaching the conclusion of desirable agreement.³⁷

As had been expected, a backlash was observed in the Majlis (the Persian parliament) against the fishing agreement on the southern coast of the Caspian Sea. Even in December 1925, when Reza Khan ascended to the throne as Shah of the Pahlavi dynasty, Mosaddegh protested against Prime Minister Mohammad Ali Foroughi, who had submitted to the Majlis a bill on fishing operations in favor of the Soviet Union. He even said to Foroughi, "Not fit to be a man of honor."³⁸

Another troubling issue for Soviet diplomats was that Arthur Chester Millspaugh,³⁹ American

³⁴ Mirfendereski, *op.cit.*, p. 126.

³⁵ GARF, f. P374, o. 28, d.676, l. 4.

³⁶ GARF, f. P374, o. 28, d.676, l. 4-5.

³⁷ GARF, f. P374, o. 28, d.676, l. 5.

³⁸ Muḥammad Muṣaddiq, *Khāṭirāt va ta'allumāt-i Duktur Muḥammad Muṣaddiq (Tihrān: Intishārāt-i 'Ilmī, 1986)*, p.165-166.

³⁹ Millspaugh was a former adviser at the U.S. State Department's Office of the Foreign Trade, who was

Administrator-General of Finances of Persia, was opposed to the agreement. Millspaugh advised Reza Khan against the project proposed by the Soviet side.⁴⁰ In fact, as a foreign advisor, he had a considerable influence over the policy decisions of the Persian government. For instance, in April 1925, Shumyatskii sent a letter to the Persian cabinet concerning the fisheries agreement, with the following handwriting in Persian in the margin: “This letter has been shown to His Excellency, and a copy should be promptly sent to Dr. Millspaugh.”⁴¹

Millspaugh maintained that the joint venture proposed by the Soviet regime was disadvantageous for Persia and legally unreasonable. However, later, under lobbying from the Soviet diplomats, he leaned in favor of approving the joint venture itself, but demanded that the shares held by the Soviet government should be only 25%, and that the Americans should effectively take control of the management.⁴² As can be seen from Sinclair Oil Company’s activities regarding oil fields in northern Persia, which will be discussed later, Americans were attempting to make economic inroads into Persia around this time.

In early 1926, the Soviet regime began to resort to overt pressure on Persia.⁴³ As diplomatic leverage, it exerted economic pressure on northern Persian merchants who had been engaged in trade with the Soviet Union. On January 30, 1926, without prior notice, the Soviet government changed the rules under which merchants in northern Persia could obtain licenses to export goods into Soviet territory. In addition, it closed the Soviet—Persian border and imposed an embargo on goods produced in northern Persia.⁴⁴ The Soviet Union’s actions took a heavy toll on the Persian merchants. Therefore, in early 1927, they established the Association of Economic Movements (Jam‘iyat-i Nahzat-i Iqtisād), which spread its influence throughout northern Persia. A delegation went to Tehran to meet Prime Minister Mostowfi ol-Mamalek and directly demanded that the Persian government restore economic relations with the Soviet Union by urgently signing comprehensive agreements, including a Fisheries agreement.⁴⁵ The Soviet plenipotentiary Konstantin Konstantinovich Yurenev also demanded that the Persian government take urgent and energetic steps to protect the interests of Soviet merchants and trading establishments.⁴⁶

invited by the Persian government to become Administrator-General of Finances in 1922. He left Persia in 1927. Arthur C. Millspaugh, *Americans in Persia* (Washington: Brookings Institution, 1946).

⁴⁰ Mirfendereski, *op.cit.*, p. 126.

⁴¹ Qāzīhā Fāṭimah, *Asnād-i ravābiṭ-i Īrān va Rūsīyah az davrah-i Nāšir al-Dīn Shāh tā suqūṭ-i Qājārīyah: 1267-1344 qamarī/1851-1925 milādī* (Tihārān: Markaz-i Asnād va Tārīkh-i Diplumāsī, 1380[2001]), pp. 369-370.

⁴² GARF, f. P374, o. 28, d.676, l. 5.

⁴³ It remains to be studied what kind of discussions inside the Soviet government led to this shift in diplomatic policy toward Persia.

⁴⁴ Maḥmūd Tāhir Aḥmadī, *Asnād-i ravābiṭ-i Īrān va Shūrāvī : dar dawrah-i Riṣā Shāh, 1304-1318 H Sh* (Tihārān: Sāzmān-i Asnād-i Millī-i Īrān, Pazhūhishkadah-i Asnād, 1374[1996]), p. 19.

⁴⁵ Aḥmadī, *op.cit.*, pp. 19-20.

⁴⁶ M. Volodarsky, *Soviet Unions and Its Southern Neighbours. Iran and Afghanistan, 1917-1933* (Ilford:

After all, on October 1, 1927, Karakhan, the people's deputy commissary for foreign affairs of the Soviet Union, and the Persian minister of foreign affairs, Aliqoli Khan Ansari signed a comprehensive Fisheries Agreement in Moscow.⁴⁷ Thus, as the Soviet regime had long hoped, the Lianozov concession, a legacy of imperial Russia, was recovered by the Soviet regime, albeit in the form of a joint venture with Persia.

The Khoshtariya concession

Unlike the fishing concession, the oil concession in northern Persia attracted the interest of not only Russia but also Britain and the United States, because of the strategic importance of oil. The story of the concession begins at the end of the 19th century.

In 1896, Sepahdar (Mohammad Vali Khan), a major landowner of Tonekabon in the province of Mazandaran facing the southern coast of the Caspian Sea, received an edict from Naser al-Din Shah to allow oil drilling in the province. In 1901, Akakii Mefodievich Khoshtariya, born into petty Georgian nobility, had already appeared in Tehran, where he became acquainted with Sepahdar. In January 1916, a contract was signed between Sepahdar as a person and Khoshtariya, according to which the former sold his oil concession to the latter. Shortly later, in March 1916 when Sepahdar was in the position of prime minister, the Persian government under pressure from Russian troops who had occupied northern Persia during the World War I, transferred oil concession in the three Caspian coastal provinces of Gilan, Mazandaran, and Astarabad to Khoshtariya's company.⁴⁸

In April 1918, after the outbreak of the Russian Revolution, Trotsky, then head of the People's Commissariat for Foreign Affairs of Soviet Russia, informed the Persian government that Russian troops would be withdrawn from Persia.⁴⁹ Thereafter, Persia was no longer subject to Russian military pressure. Therefore, in July, the Prime Minister, Samsām os-Saltaneh, announced the revocation of Khoshtariya's oil concession.⁵⁰ Furthermore, as noted earlier, the Soviet Russian government loudly declared in June 1919 that it would give up concessions in Persia that Imperial Russia and its subjects had once possessed. Thus, Khoshtariya's oil concession was nullified in a dual sense.

Frank Cass & Co., 1994), p. 88. Yurenev held the post of plenipotentiary in Persia from 1925 to 1927. *Редакционная коллегия И.С. Иванов (председатель) [и др.]*, *Очерки истории Министерства иностранных дел России. 1802—2002: В 3 т. Т. 2* (Москва: Олма-Пресс, 2002), С. 84.

⁴⁷ Volodarsky, *op.cit.*, p. 90.

⁴⁸ Fāteh, *op.cit.*, pp. 326-330.

⁴⁹ *МИД СССР, Документы внешней политики СССР (Том 1)* (Политиздат, 1959), С. 273.

⁵⁰ Fāteh, *op.cit.*, p. 330; Shwardran, *op.cit.*, p. 71. Shwardran writes, "in 1918, when Vossugh ed-Dowleh [Vosuq od-Dowleh] again became Premier, both the Russian and Persian governments considered the concession invalid." However, he was appointed Prime Minister in August 1918, preceded by Samsam os-Saltaneh, and, from this description, it is unclear which Russian government invalidated the concession, the Soviet government or anti-Communist Provisional Government.

In 1919, Khoshtaria tried to revive his concession but was turned down by the Persian government.⁵¹ However, Khoshtariya seemed to understand the strategical importance of oil and believe that the British and French might use any means necessary to obtain his concession. Hence, unlike Lianozov, he did not rely on the Russian provisional government but went to Europe. First, He began to negotiate with Royal Dutch and tried to sell out the concession, but the company made inquiries to the Persian government and found out that it considered his concession legally invalid, so they terminated the deal with him. Later, he negotiated with several oil companies in Paris, also without success.

On the other hand, the British were ready to do business with Khoshtariya. This was because the British at that time had troops stationed in northern Persia, which the Russian Army had left after the revolution, and they thought that they could silence the Persian government even if they bought and claimed the oil concession that had been nullified by Tehran.⁵² On May 8, 1920, the Anglo—Persian Oil Company (APOC), which was exclusively engaged in oil field development in southern Persia, bought from Khoshtariya, in consideration of £100,000, his concession in northern Persia, and organized a subsidiary, the North Persia Oil Company, Ltd., with a £3,000,000 authorized capital.⁵³ Naturally, the Persian government refused to recognize the validity of this deal. From this stage on, legal confusion arose over the ownership of the concession.

On February 26, 1921, the Russo—Persian Friendship Treaty was signed. Article 12 of the treaty provides that Soviet Russian declared that concessions obtained by force by Imperial Russia and its subjects should be considered null and void, and that Soviet Russia promised to restore to the Persian government all the concessions in question, whether already being worked or not. This clause adhered fundamentally to the Karakhan's statement in June 1919. However, Article 13 clearly had a political aim from the perspective of national security. It states that the Persian government promised not to cede to a third power, or to its subjects, the concessions and property restored to Persia by virtue of the treaty, and to maintain those rights for the Persian people.⁵⁴ Obviously, this clause was included for the purpose of preventing the British from obtaining concessions in northern Persia. Moreover, in retrospect, the Soviet regime seems to have expected that Tehran, which was not financially or technologically capable of running restored concessions by itself, would eventually come back to seek some form of cooperation from Moscow.

Mirfendereski presents an interesting fact about the British reaction to Article 13 of the Treaty of Friendship. They affirmed that “Khoshtariya was not a Russian subject when he obtained the original concession and therefore was not affected by Article 13 of the treaty” and that he was a Georgian national. Mirfendereski notes that “Khoshtariya had considerable dealings in Georgia, and in 1919 he

⁵¹ Mirfendereski, *op.cit.*, p. 119.

⁵² Fāteh, *op.cit.*, pp. 330-331

⁵³ Shwadran, *op.cit.*, p. 71.

⁵⁴ *МИД СССР, Документы внешней политики СССР (Том 3) (Политиздат, 1959), С. 541.*

had tried even to get the Persian prime minister, Vosuq od-Dowleh, to recognize Georgia as a separate country and establish political and economic relations with it.⁵⁵ This was not an expression of his passion for Georgian nationalism. Rather he did this political work because he feared that his property would be nullified or confiscated by the Soviet regime. He used to sell himself as a friend of Sazonov⁵⁶ in Tehran in order to attract influential people in Tehran.⁵⁷ He was a businessperson who could choose to be either a Russian subject or a Georgian national, depending on the situation. As for the interpretation the British made, focusing on the concept of national self-determination that was flourishing in the world at the time, it was clearly *ex post facto*, for at the time when the concession was granted to Khoshtariya, in 1916, there did not exist a source of nationality known as the Georgian state. Georgia retained its independence as a short-lived democratic republic from 1918 to 1921.

The Persian government particularly disliked the above-mentioned Article 13. Therefore, to counter the cunning Soviet regime, Persia also prepared its own legal interpretation. On November 15, 1921, Qavam os-Saltaneh, the prime minister, argued that Khoshtariya's oil concession had been invalid from the beginning because it had not been approved in Majlis in 1916, and, thus, was exempt from Article 13,⁵⁸ though the Majlis had been closed in 1916.

As a matter of fact, from 1920 onwards, Persia had been seeking a partnership with American oil companies as a counterbalance to Britain and Soviet Russia. In early 1921, the Persian minister in Washington had already begun negotiations with Standard Oil of New Jersey regarding the oil concession in northern Persia,⁵⁹ and on November 22, the Persian government submitted to the Majlis a bill to transfer the oil concession in the five northern provinces to Standard Oil, which the Majlis passed on the same day.⁶⁰ This was unexpected for Rotshtein.⁶¹

It was only natural that Britain, which had bought up Khoshtariya's oil concession in northern Persia, should react strongly against this decision. However, as early as December, Rotshtein gave up opposing this policy of the Persian government, largely because the Soviet regime did not see the U.S. at the time as a military threat. He asked Georgii Vasilyevich Chicherin, the then People's Commissar for Foreign Affairs, if he could tell the Persian government that the Soviet government would not oppose the acquisition of oil concession by an American company if the concession would have only commercial aspects (i.e., that they would not create their own armed guards or bases or build

⁵⁵ Mirfendereski, *op.cit.*, p. 120.

⁵⁶ Sergei Dmitriyevich Sazonov is a Russian statesman and diplomat who served as Foreign Minister from November 1910 to July 1916.

⁵⁷ Fāteh, *op.cit.*, p. 326.

⁵⁸ GARF, f. P8350, o. 1, d. 940, l. 54; RGASPI, f. 5, o. 1, d. 2153, l. 98; Mirfendereski, *op.cit.*, pp. 120-121.

⁵⁹ GARF, f. P8350, o. 1, d. 940, l. 53.

⁶⁰ H. Sabahi, *British policy in Persia, 1918-1925* (Routledge, 2005), p. 148; GARF, f. P8350, o. 1, d. 940, l. 54.

⁶¹ RGASPI, f. 5, o. 1, d. 2198, l. 90.

railroads).⁶² For Soviet Russia, this issue was mostly a matter of national security. This reflects the Soviet way of thinking that the government and the military are supposed to back up the companies that have gained concessions overseas. This view was probably inspired by APOC, which was working hand-in-hand with the British government and military to develop oil in southern Persia. However, unlike the British government, the U.S. government at that time took a neutral stance on Americans' foreign commercial activities⁶³ because it would have been disadvantageous to its competitors if it had supported a particular American company that wanted to expand overseas.

The Persian government at the time was seeking immediate financial assistance as its treasury was strained.⁶⁴ Therefore, it tried to receive an advance from Standard Oil in the form of a loan secured by royalties paid to the Persian government by APOC⁶⁵. In mid-November 1921, the company agreed to guarantee a loan of \$5 million to the Persian government in exchange for the oil concession.⁶⁶ However, this was met with opposition from the British government, which intended to retain control of the Persian government's finances. JP Morgan, which was to be responsible for providing the loan, insisted that it could not lend the money if it was not secured by royalties from APOC.⁶⁷ JP Morgan considered it too risky to invest in a project in Persia, a country with political instability, without cooperation with the British.

Therefore, Standard Oil began to seek cooperation with APOC in northern Persia as early as 1922. However, Rotshtein warned Tehran that under no circumstances would Soviet Russia allow the British to penetrate northern Persia.⁶⁸ At the same time, the Persian government also did not want the whole country to be under British influence. As a result, in early March 1922, the Majlis rejected a joint attempt by two companies to acquire the oil concession, despite the tight state finances.⁶⁹ This was because Standard Oil's actions violated one of the conditions for granting the concession to the company, which was not to transfer it to a third-country capital.⁷⁰

However, as early as July 1921, the Persian authorities opened negotiations with another American oil company, Sinclair,⁷¹ in parallel with its negotiations with Standard Oil. Lester

⁶² RGASPI, f. 5, o. 1, d. 2198, l. 102.

⁶³ M. A. Rubin, "Stumbling through the "open door": the US in Persia and the standard-Sinclair oil dispute, 1920–1925." *Iranian Studies* 28, 3-4 (1995), pp. 204.

⁶⁴ RGASPI, f. 5, o. 1, d. 2198, l. 169.

⁶⁵ RGASPI, f. 5, o. 1, d. 2198, l. 165-167.

⁶⁶ Sabahi, *op.cit.*, pp.147-148.

⁶⁷ Sabahi, *op.cit.*, pp.151-152.

⁶⁸ RGASPI, f. 5, o. 1, d. 2198, l. 168.

⁶⁹ RGASPI, f. 5, o. 1, d. 2198, l. 167; *O.A. Васильева*, «Проблема концессий, разграничительный вопрос и советско-иранские торговоэкономические связи в 20-х гг. XX в.» Ученые записки Орловского государственного университета. Серия: Гуманитарные и социальные науки, 4 (2014), С. 227-228.

⁷⁰ GARF, f. P8350, o. 1, d. 940, l. 54.

⁷¹ Fischer, *op.cit.*, p.230.

Thompson, the Sinclair negotiator, left the US in September 1921 and was in Tehran by December.⁷² The competition with Standard Oil forced Sinclair to offer considerably more favorable terms to the Persian government. Specifically, unlike Standard Oil, which sought to cooperate with APOC, Sinclair promised not to allow another company to join the concession without the consent and approval of the Persian government, to pay the Persian government a royalty of 16—25% depending on how much oil revenue it received, and to provide a loan of \$10 million.⁷³ On June 14, 1923, Majlis responded by amending the bill for granting the Northern Persian oil concession to Standard Oil, which he had approved in November 1921, to allow the concession to be granted to another American company, conditional upon its arranging for a \$10 million loan to the Persian government. In doing so, it sought to show a positive attitude toward negotiations with Sinclair and to make it compete with Standard Oil for more favorable terms.⁷⁴

While Standard Oil was leaning to cooperation with Britain, Sinclair found the Soviet regime to be a partner. This had something to do with the fact that Sinclair had begun working with the Far Eastern Republic in the summer of 1920 on the rights to develop the oil and gas fields in northern Sakhalin and had channels to the Soviet regime.⁷⁵ Besides, on June 20, 1923, the Majlis passed the law that excluded the Gilan province from the Sinclair concession area.⁷⁶ This seems to have been due to Sinclair's consideration for the Soviet Union. If it had included the province, which was vital to the Soviet Union's policy for food supply as was mentioned earlier and which included the port of Anzali (which was extremely important from the perspective of Soviet national security in the Caspian Sea), then that would have certainly provoked the Soviet government, which the Sinclair Oil Company naturally did not hope.

Furthermore, according to Shumyatskii's report, a representative of Sinclair asked him in the summer of 1922 for cooperation in the company's acquisition of the oil concession.⁷⁷ The Soviet regime did not see this as a bad deal, for the Soviet side was in a better position than Sinclair on the issue of the oil pipeline. Should oil be found in the north, there are only two ways of bringing it to international markets. One is a northern route to Baku and across the Caucasus to the Black Sea. The other is a southern route over the Zagros Mountains to a port on the Persian Gulf. The latter would be so expensive as to make the undertaking almost prohibitive. This situation was due not only to geography, but also to the lack of a major transportation network between northern and southern Persia, caused by the Great Game, a geopolitical factor characteristic of Anglo-Russian relations in Asia in

⁷² Rubin, *op.cit.*, p.209.

⁷³ GARF, f. P8350, o. 1, d. 940, l. 26.

⁷⁴ RGASPI, f. 5, o. 1, d. 2198, l. 221; Shwadran, *op.cit.*, p. 76.

⁷⁵ Ю.Н. Ципкин и Т.А. Орнацкая, *Внешняя политика Дальневосточной республики (1920-1922 гг.)* (Хабаровск: Хабаровский краевой музей имени НИ Гродекова, 2008), С.166.

⁷⁶ Mirfendereski, *op.cit.*, p. 122.

⁷⁷ GARF, f. P8350, o. 1, d. 940, l. 30.

the 19th century. There was no attempt to build a transportation network linking the north and south of the country, which belonged to the respective spheres of influence. Even the Trans-Iranian Railway did not emerge until 1938. This was one of the factors that had a decisive impact on the process by which international relations developed over the oil concession in northern Persia.

Sinclair's desire for a partnership with the Soviet Union meant that securing the northern route was a matter of life and death for the company's acquired oil concession but prior studies have not touched on the negotiations between Sinclair and the Soviet authorities over oil transit routes through the Transcaucasia. Soviet archival documents tell this story. Lester Thompson, Sinclair's negotiator, arrived in Moscow via Beijing on March 3, 1923, and held talks with Karakhan, the deputy of People's Commissariat for Foreign Affairs from March 25.⁷⁸ At the meeting with Karakhan, Thompson said that if northern Persia did not connect with the Caucasus oil pipeline from Baku to Batum, then Sinclair's oil concession would lose its significance. Besides, he complained that it was possible to run the pipeline through Turkey, but that doing so would be enormously expensive and difficult, and the oil fields in northern Persia were far from the Persian Gulf coast controlled by the APOC.⁷⁹

In August 1923, Chicherin, People's Commissar for Foreign Affairs wrote in this regard in a letter to Georgii Leonidovich Pyatakov, Chairman of the Concession Committee, that "We will be able to control the export of northern Persian oil under any circumstances, and indirectly influence Sinclair's operations in Persia itself."⁸⁰ What his opinion meant was that if Sinclair did something detrimental to the Soviet regime, it could stop the pipeline at any time. By October 1923, the Soviet government appeared to contemplate the establishment of a joint venture with Sinclair to handle northern Persian oil on the Soviet territory. On October 23, Shumyatskii asked Thompson, who had moved to Tehran, about Sinclair's intentions regarding it, and Thompson did not object to their proposal. Thompson, however, insisted that northern Persian oil would pass through the Caucasus pipeline duty-free and without any encumbrances.⁸¹ Thus, a rift remained unresolved with the Soviet side, which was planning to earn oil pipeline tariff.

Regardless, on December 20, 1923, an agreement was signed between the Persian government and Sinclair on the oil concession in northern Persia.⁸² Initially, the Soviet diplomats in Tehran supported this.⁸³ However, ominous events for Sinclair occurred. In January 1924, Sinclair was rocked by a big bribery scandal called the Teapot Dome scandal.⁸⁴ This news made the British

⁷⁸ RGASPI, f. 5, o. 1, d. 2198, l. 221; GARF, f. P8350, o. 1, d. 940, l. 79.

⁷⁹ GARF, f. P8350, o. 1, d. 940, l. 81.

⁸⁰ GARF, f. P8350, o. 1, d. 940, l. 99.

⁸¹ GARF, f. P8350, o. 1, d. 940, l. 104.

⁸² GARF, f. A653, o. 1, d. 8, l. 1; Mirfendereski, *op.cit.*, p. 122; Rubin, *op.cit.*, p.225.

⁸³ Ю.А. Дёмин, «Советская политика в отношении бывших царских концессий в Иране (1921-1927 гг.): региональный и международный контексты» Известия Саратовского университета. Новая серия. Серия История. Международные отношения, Том 20, 1 (2020), С.18.

⁸⁴ In 1922, Secretary of the Interior Albert Bacon Fall leased Navy petroleum reserves at Teapot Dome in

government optimistic. Not only did there emerge numerous articles about the scandal in the Persian newspapers, to which Britain had been providing financial support, but Persian public opinion raised the suspicion that Sinclair had also been bribing Persian officials as well.⁸⁵ In addition, Robert Imbrie, the US vice consul in Tehran, was brutally murdered by thugs on a street in Tehran in mid-July 1924. Allegedly, one of the people involved in his murder was an employee of APOC.⁸⁶ The British urged the Persian government to prevent newspapers from further mentioning the involvement of “foreigners” in his murder.⁸⁷ Judging from the daily reports of the Plenipotentiary in Tehran, it is reasonable to conclude that the Soviet side was not involved in this murder. On July 18, Shumyatskii was surprised to learn from Tajaddod (a newspaper) the urgent news about the murder of the American Vice Consul.⁸⁸ In any case, this incident created the impression among American bankers and investors that Persia was an extremely high-risk investment destination. As a result, securing the \$10,000,000 loan for Persia became difficult to Sinclair and the company shifted its policy toward approaching Standard Oil and APOC for partnership.

This time, however, the Soviet regime did not allow this. In July 1925, at a meeting of The People’s Commissariat of the Workers’ and Peasants’ Inspection, it was resolved that it was inappropriate to support Sinclair. The Soviet government applied Article 13 of the abovementioned Friendship Treaty to nullify Sinclair’s oil concession.⁸⁹ As a result, the Soviet regime failed to recover the Khoshtariya concession, but succeeded in preventing British penetration into northern Persia. The issue of this concession was not so much geopolitical as economic for the Soviet Union.

Conclusion

How did the Soviet revolutionary government tackle the issues on concessions that subjects of Imperial Russia had obtained? Bering in mind discussion of the research question so far, the following conclusions can be drawn. Under the fluid political climate caused by the outbreak of the Russian Revolution, as to both the Lianozov concession and the Khoshtariya concession, on one hand, it became unclear which Russian polity would or would not guarantee the ownership of their concessions. On the other hand, the Persian and British governments saw this unique situation as an opportunity to seize concessions and presented their own arbitrary legal interpretation on the matter. The clash of

Wyoming, to a subsidiary of Sinclair Oil Corporation at low rates without competitive bidding. In January 1924, Sinclair’s attorney testified that, in return, his private secretary had sent Fall between \$25,000 and \$30,000 in bonds.

⁸⁵ Rubin, *op.cit.*, p.226-227.

⁸⁶ Mirfendereski, *op.cit.*, p. 123.

⁸⁷ RGASPI, f. 495, o. 90, d. 103, l. 155-155ob.

⁸⁸ RGASPI, f. 495, o. 90, d. 103, l. 152.

⁸⁹ GARF, f. P374, o. 28, d. 1065, l. 1a.

these various interpretations led to an international confrontation that lasted for several years.

Fortunately for the Soviet regime, Lianozov's fisheries concession on the southern coast of the Caspian Sea was not so attractive to third countries that they would bother interfering in the matter. Hence, with the exception of the Karakhan Declaration of 1919, the Soviet regime was consistently active in recovering this concession. In the midst of the severe hunger in Soviet Russia brought up by the civil war, the Soviet regime could be a preacher of anti-imperialism in front of Persian people but could not afford to be a practitioner of it. With regard to the fishing concession, both Lianozov himself and the Persian government knew that they could not rely on a third country. Therefore, Lianozov eventually sold out his concession to Soviet Russia, and the Persian government could only hinder the unilateral actions of the Soviets through diplomatic maneuvers. Whether it was military action in northern Persia by the communists, regular diplomatic negotiations in Tehran, or economic pressure such as trade blockades, the goal is the same: to recover the fisheries concession. In this we can find historical continuity with the era of Imperial Russia. Moreover, the Soviet regime saw the fisheries concession as a bridgehead to effectively bring the southern coast of the Caspian Sea under its occupation by seizing strategically important ports.⁹⁰ Behind such a way of thinking was hidden the geographical representation for the Russians that the Caspian Sea was Russia's sea, which had not changed since the signing of the Treaty of Turkmenchay in 1828.

On the other hand, Khoshtariya's oil concession attracted the extraordinary interest of third countries because of the military importance of oil. Khoshtariya himself understood this, and in 1920 he sold his oil concessions (which had been nullified by the Persian and Soviet governments) to APOC and promptly ran away from the stage of international relations. Later, when the Persian government called the American oil companies, Standard Oil and Sinclair, into the race for the oil concession in northern Persia as a counterbalance to the British attempt to maintain their dominance in Persia, the Soviet regime must be evaluated as having responded only passively. The bottom line for Soviet diplomats was to keep the British from invading northern Persia. They were intent on meeting that minimum goal. This is different from the story about the Lianozov concession. When the Soviet regime scuttled the Sinclair deal, it relied on the lack of a pipeline connecting the north and south of Persia, a remnant of the Great Game era. Such a foreign policy followed the geographical recognition that northern Persia had long been in the sphere of influence of Imperial Russia. This perception persisted until the end of World War II and the beginning of the Cold War era, when Iran became a loyal ally of the United States.

⁹⁰ GARF, f. P374, o. 28, d. 676, l. 4.