

9th October, 1935.

Dr. Idelson recommends strongly that in the General Plan there should be inserted a suitable provision to limit the Company's liability to reduce its non-Iranian personnel. He points out as a precedent legislation in other countries, the provisions of other concessions, and a proposal the Iranian Government itself made during the course of negotiations in Tehran. In Dr. Idelson's view the Company's liability should be expressed as a percentage of foreign to total personnel omitting unskilled labour.

An examination of our records from January 1931 to date show that the percentage of foreign to total personnel (unskilled labour omitted) has varied from 29% to 17% and that the higher percentage prevails during periods when there is no construction or development. Extracts for representative months are attached. Thus at present when there is a major programme on hand the percentage is 17%, but in view of the large extensions to plant and services now in hand it is reasonable to presume that when the programme is completed although the percentage will rise it will not again revert to the 1931 figure of over 25%. Further, in the 1st Class category prospects of recruiting are encouraging and over a period of 8 years it is reasonable to presume that some two to three hundred artisans and foremen will emerge from our training schemes.

It is, therefore, considered that a figure of 15% foreign to total personnel (less unskilled labour) is a safe commitment. Amongst the foreign personnel there are upwards of 1,000 Indians and Goans, whom we ourselves wish to replace as soon as possible. If such a replacement could be effected, then as the representative figures attached show the percentage of British to total employees (less unskilled labour) will be not more than 10%. It is considered therefore that the lower figure recommended by Dr. Idelson can be put at 10%.



1) Month of Minimum Total Strength June 1932.

(Total Strength 13,374).

Total Iranian Strength (less unskilled)	5234	% of foreign 25.26
Total Foreign Strength (less unskilled)	<u>1769</u>	
Total Strength (less unskilled)	<u>7003</u>	
Total British Strength	703	% of British 10.02
Total Iranian & Indian Strength (less unskilled)	<u>6300</u>	
	<u>7003</u>	

2) Month of Minimum Total Foreign Strength April 1934.

(Minimum Total Foreign Strength 1,778).

Total Iranian Strength (less unskilled)	7134	% of foreign 18.32
Total Foreign Strength (less unskilled)	<u>1600</u>	
Total Strength (less unskilled)	<u>8734</u>	
Total British Strength	773	% of British 8.85
Total Iranian & Indian Strength (less unskilled)	<u>7961</u>	
	<u>8734</u>	

3) Month of March 1934.

Total Iranian Strength (less unskilled)	6921	% of foreign 18.73
Total Foreign Strength (less unskilled)	<u>1595</u>	
Total Strength (less unskilled)	<u>8516</u>	
Total British Strength	755	% of British 8.85
Total Iranian & Indian Strength (less unskilled)	<u>7761</u>	
	<u>8516</u>	

4) Month of March 1932.

Total Iranian Strength (less unskilled)	5216	% of foreign 26.48
Total Foreign Strength (less unskilled)	<u>1879</u>	
	<u>7095</u>	
Total British	730	% of British 10.29
Total Iranian & Indian Strength (less unskilled)	<u>6365</u>	
	<u>7095</u>	



5) Month of Minimum British Strength September 1932.  
(Minimum British Strength 691).

Total Iranian Strength (less unskilled) 5569 % of foreign 23.20  
Total Foreign Strength (less unskilled) 1682

7251

Total British 691 % of British 9.53  
Total Iranian & Indian Strength (less unskilled) 6560

7251

6) Latest Month on Record August 1935.

Total British Strength 1030 % foreign to total 8.30%  
Total Indian & Goan 1098

Total Iranian 23508

25636

Total Iranian Strength (less unskilled) 9934 % of foreign 17.09  
Total Foreign Strength (less unskilled) 2106

12040

Total British 1030 % of British 8.56  
Total Iranian & Indian (less unskilled) 11010

12040

1) Month of Minimum Total Strength June 1932.

(Total Strength 13,374)

Total Iranian Strength (less unskilled) 5324  
Total Foreign Strength (less unskilled) 1759

Total Strength (less unskilled) 7083

Total British Strength 703  
Total Iranian & Indian Strength (less unskilled) 6380

7083

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(Minimum Total Foreign Strength 1,778)

Total Iranian Strength (less unskilled) 7134  
Total Foreign Strength (less unskilled) 1600

Total Strength (less unskilled) 8734

Total British Strength 773  
Total Iranian & Indian Strength (less unskilled) 7961

8734

3) Month of March 1934.

Total Iranian Strength (less unskilled) 6921  
Total Foreign Strength (less unskilled) 1592

Total Strength (less unskilled) 8513

Total British Strength 752  
Total Iranian & Indian Strength (less unskilled) 7761

8513

4) Month of March 1932.

Total Iranian Strength (less unskilled) 5216  
Total Foreign Strength (less unskilled) 1979

7095

Total British Strength 750  
Total Iranian & Indian Strength (less unskilled) 6345

7095



Draft.

PLAN OF ARTICLE 16(3)

LEGAL BASIS.

The legal basis of the proposed plan is the relevant Articles of the Concession as interpreted by Dr. Idelson in his opinion of the 12th February 1935, particular emphasis being laid on the following :-

- (a) The administration and medical organisations of the Company are excluded from the Plan vide Dr. Idelson's opinion para 3.
- (b) Temporary staff employed on construction are exempt from the Plan vide Dr. Idelson's opinion para 5.

POLITICAL CONSIDERATIONS.

We are aware after years of contact with Iranian Officials that irrespective of concessional or legal rights the objective of the Government is the total elimination of all foreigners, from the General Manager down to the last Goan cook. Taqi Zadeh then Minister of Finance stated this to be the policy of the Government in his letter of the 11th September 1933.

It is unlikely in the extreme that Government will accept any Plan which does not provide for total Persianisation, and under these circumstances the Government might take the matter to arbitration, or alternatively the Company might consider it desirable to do so in its own interests. The Plan therefore has been prepared with a view to satisfying arbitration and not with a view to acceptance by the Government. Dr. Idelson has this point in view in para 9 of his opinion and Mr. Gass emphasises the matter in the last paragraph of his Note of the 29th April.

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PRACTICAL CONSIDERATIONS.

We know that, while the continuous reorganisation of operations, plant, and services leads to a reduction of personnel, foreign as well as Iranian, the yearly and progressive reduction of non-Iranian employees arising from this cause is proportionately inappreciable; in fact automatic devices, more modern plant, reorganisation of operations on the Bedaux or other system while effecting appreciable reductions in the lower grades of Iranian labour do not seriously affect the number of foreign personnel. Similarly although the completion of a construction and development programme involves a reduction in foreign personnel, on the average, for every foreigner discharged at least 30 low grade Iranian workmen become surplus to requirements. In practice therefore the one sure and certain method of effecting a reduction in foreign personnel is to secure suitable Iranian replacements; further, the supply and demand position today and for the near future is such that Iranians must be selected, educated and trained up to the standard required to fit them as replacements. Whether this education and training is provided at the expense of the Government, the Company or both is a separate issue.

GENERAL PROPOSALS.

- (d) The proposals for a Plan are briefly as follows:-
- (a) Positions in construction which are definitely and beyond doubt of a temporary nature should be listed and established as outwith and not included in the Plan.

It is of course the case that in addition to genuine direct construction positions, temporary increases in the establishments of Service Departments are necessary to handle the additional work involved by the construction programme. It is not however possible to state with certainty that a particular Store-Keeper, Accountant, General Assistant, Workshop Engineer etc. is occupied wholly in the service of the Construction organisation, as in practice

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such employees service maintenance and operation units as well. In order to avoid disputes which are inevitable if arbitrary allocation is resorted to, it is proposed to concede all foreign personnel in Service Departments as being within the scope of the Plan, provided of course they are not administrative personnel.

(b) All positions in the medical organisation should be listed and established as out with the scope of the Plan.

(c) All positions which are genuinely administrative should be listed, claimed and established as not within the scope of the Plan. The Government will not admit that the Administration or any other section of the organisation is exempt from Article 16 and while with the probability of arbitration in view, they might not put their demands in definite language, they would undoubtedly contest the inclusion of many positions under the description Administration. It is therefore proposed that only such positions as are likely to be accepted as administrative by arbitrators should be claimed and all doubtful or borderline cases conceded as coming under the Plan.

(c) Statements are attached illustrating Abadan's assessment of genuine administrative positions.

(d) The balance of the positions in the organisation will come under the description of "artizan, technical and commercial" and it is with regard to these positions and no others that a Plan of yearly and progressive reduction of non-Iranian employees is required. Clearly in this balance will be included all positions occupied by Indian or Goan nationals. A schedule is attached showing Abadan's proposals regarding the positions which are subject to the Plan.

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(d)

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THE PLAN.

- (a) The Plan for "yearly and progressive reduction of non-Iranian employees" is to offer a quota of the positions as defined above, annually for a period of 10 years to Iranian nationals who possess the requisite competence and experience. The quotas for each Department or unit are shown in the attached schedules, and are based on the maximum number of new employees who can be absorbed annually without dislocation of operations. The offer of these quotas will be given publicity by means of advertisements, notices, communications to Government or such other means as may be mutually agreed.
- (b) With each quota is a specification of the type of employee required to fill the positions or in other words the definition of "the requisite competence and experience"; in view of the supply position the specification of the experience required has been cut to a bare minimum, and is one which would not be accepted by the Company in the engagement of foreign personnel.
- (c) The terms and conditions of service offered will be such as are appropriate to the grading of the positions concerned at the time.
- (d) Iranian nationals of the requisite competence and experience as defined above and who accept employment under the terms stated will be engaged in the first instance for a probationary period not exceeding 6 months. If at the end of this probationary period such employees are confirmed in their appointments, then the Company undertakes to discharge from its service an equivalent number of foreign employees.



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ADDITIONAL OBLIGATIONS.

In practice this Plan, Dr. Idelson's Plan or Mr. Gass' Plan will not accomplish any material yearly and progressive reduction of non-Iranian employees, and without further commitments stands little chance of acceptance. If for reasons of policy it is decided to force the issue by resort to arbitration on Dr. Idelson's Plan, or any other, then no further obligations can be recommended. If however the Company is prepared to undertake obligations and expense additional to what is specified in the Concession in order to emphasise its good will and its policy of meeting the wishes of Government wherever it is possible, then it is proposed that the Plan for Training already submitted should be accepted by the Company as a further liability and commitment for the period of 10 years.

*Idelson*



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