

Central Intelligence Agency



Washington, D.C. 20505

5 January 2010

Mr. John Greenewald, Jr.

Reference: F-2009-01279

Dear Mr. Greenewald:

This is a final response to your 18 June 2009 Freedom of Information Act (FOIA) request, received in the office of the Information and Privacy Coordinator on 19 June 2009, for records on Operation Ajax, as well as, summary reports and project overviews related to the 1953 Iranian coup d'état that deposed the democratically-elected government of Iranian Prime Minister Mohammed Mossadeq.

We received an earlier request for records on the same subject as yours. Therefore, we conducted a search of our database of previously released records that contains copies of documents released over the years to thousands of other FOIA requesters. Searches of this database over 500,000 pages, can be accomplished very expeditiously (since no review is required) and at little or no charge. We located the enclosed 38 documents, totaling 274 pages, which we believe to be responsive to your request. Please be advised that some of these documents were released as part of another release program. We have provided the best available copies. In accordance with our regulations, and as an act of administrative discretion, we have waived the fees for this request.

Sincerely,


A handwritten signature in cursive script that reads "Delores M. Nelson".

Delores M. Nelson
Information and Privacy Coordinator

Enclosures

This document is made available through the declassification efforts
and research of John Greenewald, Jr., creator of:

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SECURITY INFORMATION

CONF NO. 1
FOR THE PRESIDENT
OF THE UNITED STATES

(2)

SPECIAL ESTIMATE

PROSPECTS FOR SURVIVAL OF MOSSADEQ REGIME IN IRAN



SE-33

14 October 1952

The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 8 October 1952.

RELEASED 29 DEC 1982

CENTRAL INTELLIGENCE AGENCY

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PROSPECTS FOR SURVIVAL OF MOSSADEQ REGIME IN IRAN¹

CONCLUSIONS

1. On the basis of available evidence we believe that the Mossadeq Government can survive at least for the next six months unless ill-health or death removes Mossadeq from the Iranian political scene.
2. If Kashani should come to power, the most probable result would be the progressive deterioration of Iran, possibly leading to the eventual assumption of power by the Tudeh.

ESTIMATE

The Oil Issue

3. An early settlement of the oil dispute with the UK is unlikely. Political forces which Mossadeq himself encouraged in the past now require him to insist upon greater concessions than the British have given any indication of finding acceptable. On the other hand, Mossadeq's prestige would be greatly enhanced if he succeeded in effecting the sale of oil despite the British boycott.

The Economic Situation

4. The loss of oil revenues has not seriously damaged the Iranian economy, primarily because of an excellent harvest, although there have been some price increases, curtailment of urban business activities, and reduction of imports. However, the financial position of the government has been seriously affected. Unless the government restores revenues from the sale of oil, substantial budgetary cuts and/or extensive internal borrowing and further currency expansion are inevitable.

¹This estimate has been prepared in response to an urgent, specific request and is an interim estimate pending the preparation of a more comprehensive one which is under way.

Factors of Political Power

5. a. Recent events have produced far-reaching changes in the traditional factors of political power in Iran. As a practical matter, the Shah has almost completely lost his capability for independent action, but is a useful tool for Mossadeq, should need arise. The formerly dominant landowning class has also lost political initiative. The Armed Forces, if given effective direction, are probably capable of coping with any type of domestic disturbance presently foreseeable. We do not believe that their effectiveness has been materially reduced by Mossadeq's changes in the high command. Mossadeq's popular prestige makes him still the dominant political force in Iran.

b. A major threat to Mossadeq's continued control over the heterogeneous National Front arises from the activities of Mullah Kashani, ambitious Moslem leader. Kashani's extreme intransigence on the oil issue and his uncompromising demands for the termination of all foreign interference in Iran severely limit Mossadeq's freedom of action. He has successfully separated many National Front politicians from Mossadeq. Although Kashani has expressed optimism publicly with respect

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to his ability to control Tudeh, he is basically opposed to their aims, probably can weigh with shrewdness and accuracy the potential value and danger to him of Tudeh support, and is not likely under present conditions to seek their help.

c. While the Tudeh Party has become stronger in recent months, it is almost certainly incapable by itself of overthrowing the government by force or subversion at present. Although the Tudeh Party has an organization, has a significant degree of favorable public opinion, and has the cooperation of the USSR, it still lacks a legal status and the power in the Majlis and control of the key Cabinet positions which would be necessary to take over the government by constitutional means. The Tudeh Party will, however, probably support Kashani in the belief that if Kashani were in power its opportunities for taking over the country would be improved.

Likelihood of an Attempt to Overthrow Mossadeq

6. Since Mossadeq's return to power in July 1952 there have been continuous reports of plots to overthrow him. Kashani and Army officers are frequently mentioned as leaders, but the reports conflict on matters of essential detail. It does not seem likely that Kashani will seek to replace Mossadeq so long as no clear issues of disagreement arise between them, so long as his influence on Mossadeq remains strong, and so long as Mossadeq is willing to assume responsibility. So far as a military coup is concerned, we have no evidence to indicate that any group of officers has the capability which the initiation of a successful coup would require.

Probable Outcome of an Attempt to Overthrow Mossadeq

7. In the event that an attempt is made to overthrow Mossadeq, the following means are available:

a. Violent Means:

i. Military Coup: A military coup against Mossadeq is not likely to succeed because Mossadeq has had the opportunity to eliminate

elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.

ii. Mob Violence: A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. If there should be a break now between Mossadeq and Kashani, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:

(a) Mossadeq: the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with their organized street-fighting forces; the Somka (Fascist) Party, provided the Tudeh supported Kashani; the Pan Iranian Party; and the Army and part of the Police Force, providing they were given specific and direct orders.

(b) Kashani: his followers in the National Front; the Bazaar mobs and the bands organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.

iii. Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani. (Note: Kashani would probably also come to power if Mossadeq should retire or die a natural death.)

b. Constitutional means: An attempt may be made to overthrow Mossadeq after the Majlis reconvenes on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations. Moreover, Mossadeq in opposition would possess much of the strength which enabled him to regain power in July 1952, and his return to office would not be unlikely.

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Consequences of the Assumption of Power by Kashani

8. If Kashani were to come to power, the consequences would depend upon the circumstances of the take-over and upon the group or groups supporting him at that time. Kashani might come to power by:

- a. A vote of the Majlis unseating Mossadeq.
- b. Assuming control over another National Front regime if Mossadeq were removed from the political scene.
- c. A deal with the Tudeh Party by which Tudeh was given representation in the government.
- d. A coalition with various disgruntled Army leaders and conservative elements.

If Kashani should come to power, the probable net result in Iran would be a situation worse for Western interests than the current one. The regime would be more difficult than the present one to deal with on the oil dispute and more resistant to all Western influence. The effectiveness of the government and the security forces would decline, as would the economic situation. There is no assurance that the regime would not be overthrown by Mossadeq, by internal dissension, or by a military coup, with trend changes we cannot presently predict. However, the probable ultimate consequence of a Kashani regime would be the progressive general deterioration of Iran possibly leading to the eventual assumption of power by the Tudeh.

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28 July 1953

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MEMORANDUM FOR:

Deputy Director (Plans)

SUBJECT:

Statement concerning Iran made by the
Secretary of State at his press confer-
ence of 28 July 1953.

1. NEW YORK TIMES correspondent Hightower asked the Secretary the following, in substance:

"There are indications of growing Tudeh Party strength in Iran. What comments do you have to make on this situation?"

2. The Secretary of State replied (and this is nearly verbatim):

"The growing activities of the illegal Communist Party in Iran and the toleration of them by the Iranian Government has caused our Government concern. These developments make it more difficult to grant aid to Iran."

3. No other questions regarding Iran were raised and the Secretary made no further references to Iran. The background material prepared by this organization and delivered to Mr. Lincoln White via Mr. Jernegan's office, was not used. However, Mr. Jernegan has kept two copies of that paper in the event newsmen follow up the Secretary's statement on Iran with Assistant Secretary Byrns or Mr. Jernegan himself.

cc: DCI

7/28/53
Orig. to DD/P
1 cc - DCI
3 cc



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Clandestine Radio Azerbaijan (at Paku) has been plugging the "military coup" line for several months. A few references to this activity follow:

1 May 1953 At present the American Ambassador at Tehran is engaged in a fresh double cross. With the aid of such spies and traitors as Ala, Zahedi, Ezerisadeh and Mir Ashrafi and of bogus religious leaders such as Behbehani. These elements want to make a military coup to liquidate the Mossadeq govt and establish a new govt. Among those involved are those German fascists now in the service of the Americans.

7 May 1953 The murder of Afshar Tus was one of a continuing series of plans which the Americans and British are making with the son of Reza Khan. The chief instigators of these plans are the American Ambassador and the son of Reza Khan. In the past these plans have included the Qavan incident, the Bakhtiari incident, etc.

15 May 1953 The Persian monarchy was established by the imperialists and its continued existence serves their purposes. Thus, the Shah and the American imperialists are trying to stifle the voice of the people through a military coup.

7 July 1953 All the intrigues of the American and British imperialists and the subversive actions of the Shah for staging a military coup are related. All these actions are part of a wide plan that is being carried out all over the country. It has involved the Afshar Tus affair, the Bakhtiari uprising, distribution by the army of arms to the Kuh-i-Giluyeh tribes, meetings between army heads and tribal leaders at Kermanshah, meetings in Khorasan, staged demonstrations at Meshed, arms given out at Mahabad, tribal conferences by the tribal section of the U.S. Embassy, etc.

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THE BATTLE FOR IRAN

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THE BATTLE FOR IRAN

I. INTRODUCTION

II. IRAN, ANCIENT AND MODERN

A. The Nation

1. Imperial Past

The first Persian² empire, that of the Achaemenid dynasty, was founded by Cyrus the Great in the Sixth Century B.C. through conquest

¹ See Appendix B for a brief biography of Mosadeq.

² Persia was derived through Greek from Persis, the name the Greeks used for Parsa, the tribe and province of the Achaemenids. In 1935 Reza Shah insisted that foreigners use Iran, the native usage which means "Land of the Aryans," rather than Persia.

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of the Persians and other inhabitants of the region now known as the Middle East. Cyrus¹, Darius, further enlarged the empire, which he divided into 20 satraps or provinces connected by a network of imperial roads. The Achaemenid empire endured for almost 200 years, until it was destroyed by Alexander the Great of Macedonia. The Greeks were soon succeeded by the Parthian dynasty, which in turn was followed by the Sassanids, who ruled for 400 years from the third to the seventh centuries A.D. and who restored the glory of ancient Persia. In 651, however, the Arab invasion swept across Persia, which for the next nine centuries was ruled by a succession of foreign conquerors. A native Persian dynasty rose again at the beginning of the 16th century when the Safavids came to power; their rule lasted over 200 years and reached its peak under Shah Abbas from 1587 to 1620. Invading Afghans overthrew the Safavids in 1722 and were in turn driven out by Nadir Shah, a Turkic-speaking tribesman who launched a campaign of conquest that included invasions of India and the Caucasus. The succeeding dynasty, that of the Qajars, lasted^{ed} until the early 1920's when Reza Khan³, a colonel in the Iranian army's Cossack Division, seized power in a military coup. He became Shah in 1925, deposing the Qajars and founding the Pahlavi dynasty. When Iran was occupied in 1941 by British and Soviet troops in order to guarantee the Allied supply route to the embattled Russians, Reza Shah^{Reza Shah} abdicated and was succeeded by his son, Mohammad Reza Pahlavi, the present Shah.

2. The people

Of Iran's population in 1952 of under 18 million, more than 70% were ethnic Iranians of Indo-European stock; Persians made up

³ See Appendix B for biographic details on Reza Shah.

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30% of the total. The other tribes included the Gilaki, Mazanderani, Lor, Bakhtiari, and others, many of whom were nomadic or semi-nomadic peoples. About 22% or so of the population were Turkic peoples, primarily the Azerbaijani of the northwestern provinces but also including the Turkoman and Qashqai tribal groups. Arabs made up about 5% of the population, and the remainder were non-Muslims, including Armenians, Assyrians, and Jews. Persian (or Farsi, as it is known in Iran) was the official language, spoken by most ethnic Iranians, although Turkic and Arabic dialects were also in use.

Almost all Iranians are Shia Muslims, in contrast to the Sunnis who predominate in the Muslim world. Shites believe that the true succession to the leadership of Islam continued through the line of 'Ali (Mohammad's son-in-law) in the series of the 12 Imams, in contrast to the Sunnis who insist that the Caliphs succeeding Mohammad were selected by the consensus of the Muslim community. Although there is no organized Shia hierarchy, certain titles distinguish special members of the religious community. A cleric of limited theological training is a "mullah," while one who has studied at a higher institution is a "mujtahid" and qualified to adjudicate questions of religious conduct. The most important Iranian religious leaders have borne the honorary title of "Ayatollah," and the leader at the Shrine at the city of Qom may issue decrees which have the force of law to the faithful. A descendant of Mohammad may use the title "Sayyid" as part of his name, but he is not necessarily a religious figure.

The social structure in the early 1950's included an elite composed of the Shah, his court, and the 200 or more ruling families whose wealth

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derived from agricultural lands. Below the elite was the upper middle class that included government officials, professional men, importers, bankers, and merchants. The urban middle class consisted mainly of small merchants, craftsmen, lower level clergy, and teachers and as a group had not benefited greatly from the economic development and educational opportunities of the previous two decades. The day laborers, street vendors, and service workers were at the bottom of the urban class structure. Most of the country's people were working in the 1950 era as tenants, bound to their landlords by an almost feudal system. Outside the Iranian social structure were the tribes, whose social system in times of peace impeded the progress and modernization of Iran and was a source of weakness. In times of stress, however, the tribes were a source of strength;

in the 1941-45 period, they remained relatively untouched by the general collapse, but while retaining some internal stability, the tribes nonetheless contributed to national confusion and disorder through their clannish narrow-mindedness, tribal rather than national loyalties, and readiness to resort to violence.

As a people, Iranians have been described⁴ as having an intense national pride that has resulted from a fairly homogeneous stock and a 2,500-year history. In spite of this pride in the achievements of past dynasties and the high level of intelligence among those who have had the means to develop their potentials, the national movement of the 1950's accomplished little.

⁴ John Marlow in Iran: A Short Political Guide, Frederick A. Praeger; New York; 1963.

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Among the reasons accounting for this are the fact that nationalistic feelings and native intelligence are often accompanied by an individualism that inhibits cooperation, by a cynicism that despises enthusiasm, by an impatience that derides calculation, and by a volubility that abhors discretion. Their nationalism thus has lacked an air of common purpose, of willingness to sacrifice, of the dedication that has given impetus to the national movements of other, less well-endowed peoples.

3. The economy

In 1950 Iran was still basically an agricultural nation with a backward economy.

Farming, stock raising, forestry, and fisheries probably accounted for half the gross national product; wheat was the major crop, followed by barley, rice, cotton, and tobacco. Manufacturing was growing in importance, with textiles--cotton and wool--leading the cement, match, and glass industries, although food processing was still the most important non-oil activity.

Oil, of course, prior to 1951 when the effects of the dispute with the British were severely felt, was contributing about a third of budgetary revenue and nearly two-thirds of foreign exchange. Oil revenues started to climb when the war ended, going from \$7.13 million in 1946 to \$16.03 million in 1950; by 1952, they were only \$3.3 million. In 1950, 31,217,000 metric tons of oil were exported, but this fell to 9,158,000 metric tons in 1951 and to a pitiful 14,000 metric tons in 1952 when the British left.

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4. Politics and go.

Until the early years of the 20th century, Persia had either been an absolute monarchy or had been under the rule of foreign invaders. In July 1906, however, popular resentment against the excesses of Muzaffir ad-Din, a Shah of the Qajar dynasty whose excursions to Europe were nearly bankrupting his country's treasury, grew so strong that widespread demonstrations and riots forced him to proclaim a constitution. This relatively liberal document, supplemented in 1907 and amended in 1925, 1949, and 1957, provided for a government of three branches. The power of the executive was vested in the cabinet and in government officials acting in the Shah's name. The judiciary was composed of a hierarchy of civil courts up through the Supreme Court, while the legislative branch comprised the parliament, or Majlis, of 136 members, elected by the people every 2 years, and, after 1949,¹ the smaller Senate, half of whose members were appointed by the Shah and half elected.

Whatever power remained in the hands of the Qajar Shah vanished soon after World War I, in which Iran had maintained a slightly pro-German neutrality that was violated by ^{the forces of} Turkey, Russia, and Britain. In February 1921, a young reformist politician, Seyyid Zia ed-Din Tabatabai, and Col. Reza Khan, commander of the Iranian Cossack Division,⁵ combined to overthrow the government. Zia ed-Din became Premier and Reza Khan commander-in-chief of the army, but the two soon quarreled, and Zia ed-Din fled into exile

in May 1921. Reza Khan remained

⁵ The Cossack Division, at that time the only well-organized and effective unit in the army, came into being as a result of Nasr ed-Din Shah's visit to Russia in 1878. The Shah admired his Cossack escort and asked the Czar to send him Russian officers to organize a Cossack cavalry regiment in the Iranian army. It grew to a brigade and then a division, and its White Russian officers and noncoms were retained until October 1920, when Reza Khan replaced Col. Starosselsky as commander and other Iranians took over for the remaining Russians.

in power as Minister of War, organizing himself to the reorganization of the army. Unifying the hundreds of military units into a closely knit, centrally controlled army, he employed it to expel the Bolsheviks, and quell the rebellious tribes. Reza Khan took over as Premier in 1923, and two years later he became Shah.

The two focal points of Reza Shah's dictatorial rule were nationalism and modernization, and in this he greatly resembled Kemal Ataturk in Turkey, although his methods and goals were less radical. He improved the status of women and checked the power of the Shia clergy, but he stopped short of Ataturk's romanization of the national language--Farsi retained its Arabic script. As a nationalist, he was suspicious and guarded toward the Soviet Union and challenging toward the British, particularly as to the oil concession, which he felt did not sufficiently benefit Iran. He brought in first American and then German economic advisers to reorganize the country's finances and to serve as a counterweight to Soviet and British influence.

Reza Shah's dictatorial rule ended with the occupation of his country by the Soviets and the British in August 1941--an episode that will be discussed below--and a month later he abdicated in favor of his son, Mohammad Reza Pahlavi,⁶ who was proclaimed Shah by the Majlis. He left Iran at once and eventually died in exile in South Africa in 1944. The Iranian government he left behind faced a difficult period, with a Russian occupation in the north and a British one in the south. Tehran remained a neutral zone, but the Allies controlled the transportation

⁶ His biography appears in Appendix B.

system, and wartime shortages

and currency growth led to a

crippling inflation.

Suddenly brought to power in an occupied country, the young Shah, who had been ^{partially} educated in Europe and who was believed to favor constitutional government, was unable to provide strong leadership to his government. As a result the power of the Majlis increased, a large number of transitory political parties and partisan newspapers were started, the tribes again became defiant, the clergy became stronger, and the Communists--banned as a party in the 1920's--returned in the guise of the Tudeh Party. Tudeh, headed by leftists and former Communist Party members, received funds and direction from Moscow and recruited both members and sympathizers throughout Iran during the war years and until its overt apparatus was crushed in 1954.

Little more than a department of Reza Shah's government in the 1920's and 1930's, the Majlis emerged from the years of occupation as a revitalized if irresponsible political force. It insisted on confirming the appointment of the U.S. financial advisory mission in 1942, it imposed limits on the government's right to negotiate oil concessions, and it took on the selection of a new Premier as its privilege--although the Shah retained the right to approve or disapprove the choice. In its dealings with Premiers or Shahs, the Majlis had a powerful weapon--the quorum veto. The constitution stated that the Majlis could only be considered convened when two-thirds of its 136 deputies had reached Tehran, and half of those present in the capital constituted a quorum. Thus, if 91 deputies were in Tehran, the absence of 46 of them could keep the assembly from functioning.

Political parties in the Western sense had never been strong in Iran, and during the war years their number had multiplied. Only the Tudeh was

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An effective political organ... it was... the "minority" parties, as opposed... "majority" grouping that tended to vote together on key national issues. In general, political forces in postwar Iran had sorted themselves out into left, right, and center groups. Tudeh and its sympathizers were on the left. The right was more heterogeneous and included Dr. Mohammad Mosadeq's National Front,⁷ the fanatical religious organizations Fedayan Islam and Mojahadin Islam,⁸ the several small fascist parties, most Tehran University students and professors, and many small merchants and businessmen. The center was moderate and inclined to be more pro-Western; it included the Shah, most army officers, the Democratic Party, and the wealthy merchants and landowners who favored the status quo. Aided by landowner control over the peasant vote, center candidates usually won the majority of Majlis seats, but in the late 1940's and early 1950's, the nationalistic policies of the right regularly won the voting support of the left and center.

B. Between Russia and the West

1. Aggression from the North

Iran lost wars and territory to Czarist Russia in 1813 and again in 1828 and has lived in varying degrees of dread of its northern neighbor ever since. Great Britain was the counterbalance to Russian power--the British goal was to keep Iran as a buffer between Russia and

⁷ For example, in the 16th Majlis, elected in 1950, the National Front was composed of Mosadeq and eight followers who nonetheless were usually able to carry a majority of deputies with them on key votes.

⁸ Fedayan Islam, numbering at most a few hundred members, carried out terrorist acts in support of its goal of reestablishing Islamic law and practice to a dominant place in Iran. Mojahadin Islam was more political; its religious spearhead in the Majlis included mullah Ayatollah Kashani and Shams Qanatabadi, two influential, politically oriented religious leaders.

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India--until 1907, when Britain and Russia signed an agreement to divide Iran into zones of influence. The British purpose was to secure Russia as an ally in Europe against the growing power of Imperial Germany, and the result was that northern and central Iran as far south as Isfahan was open to Russian economic and political influence. The British zone was southeastern Iran adjacent to Indian Baluchistan until 1915, when in return for rights to the oil-rich southwestern zone the British recognized Russian claims to control of the Turkish Straits.

During World War I, Iranian neutrality was violated by the Turks, the Russians, and the British; the Russians entered northern Iran to counter Turkish advances through Iran toward the Caucasus, while the British sent in troops and organized Iranians into the British-officered South Persian Rifles to counter German attempts at subversion among the tribes and sabotage of the oil pipeline. The Russian military collapse in 1917 left a vacuum in northern Iran and the Caucasus that the Bolsheviks, Turks, Germans, and British attempted to fill. Britain's anti-Bolshevik intervention in Russia and Iran ended in 1919, but a treaty was concluded with Iran in August 1919 that would have made Iran a virtual British protectorate. This treaty was never ratified by the Majlis, however, and when Reza Khan and Seyyid Zia ed-Din seized power in 1921, Iran formally repudiated it.

From the start, Soviet Russia's official policy toward Iran was friendly. In a January 1918 note, the Soviets renounced all Czarist privileges contrary to the sovereignty of Iran and promised to aid the Iranians in expelling British and Turkish occupying forces. Their note

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also declared that the 1907 Convention in Britain was no longer binding. In an additional note of 26 June 1919, the Russians annulled all Iranian debts, renounced all Russian concessions in Iran—including the Russian Discount Bank and all railroads, harbors, and highways built by them—and declared the capitulations (privileges and exemptions guaranteed to Russian citizens in Iran) null and void. The Soviet-Iranian Treaty of Friendship of February 1921 formalized the provisions of the 1919 note, renounced any interference in one another's internal affairs, gave Iran the right to maintain naval forces in the Caspian Sea, and permitted Russia to send troops into Iran if it should become a base for a third-country threat to the Soviet Union. (This final provision, which originally applied to White Russian forces, was subject to Soviet interpretation of what constituted a threat, and was a significant factor in restraining forceful British response to the Iranian takeover of the oil industry in 1951.)

Iranian relations with the Soviets in the 1920's concentrated on trade, which built up significantly until 1926, when a sudden and strict embargo was placed on Iranian agricultural products, mainly from the northern provinces. The embargo forced Iran to conclude a commercial treaty with the Russians that introduced barter transactions and gave the Soviets exclusive marketing privileges in Iran. This had several results: The Soviet share of Iranian foreign trade rose from 23% in 1926-27 to over 38% in 1928-29; Iranian industrial development was deliberately discouraged by the artificially low prices the Soviets put on competitive manufactured goods; and, Iran began to turn toward Germany as a foreign trade partner.

Germany, in addition to increasing its purchases of Iranian products, also became involved in the construction of the Trans-Iranian Railway, one

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of Reza Shah's most important interests. Germans and Iranians internal airlines in the late 1930's, supplied railway rolling stock and motor vehicles, and aided industrialization in Iran by setting up foundries, coal mining equipment, a cement factory, textile and paper mills, and a machinegun factory. A German financial adviser replaced the American Dr. Arthur Hays Sulzberger in 1927, and the Germans and Iranians signed a trade treaty in 1928 and a treaty of friendship in 1929. As a result, Germany's share of Iran's foreign trade rose from 8% in 1932-33 to 45.5% in 1940-41, and by August 1941 the number of German advisers, technicians, and businessmen in Iran reached 2,000.

The nature and extent of this German penetration into Iran became very significant when German armed forces invaded Russia in 1941 and rapidly moved deeply into the Soviet Union. Iran was the shortest and most feasible route for badly needed war materials to be sent to Russia by its new allies in the West. Further, the possibility of a German takeover in Iran was a risk the Russians could not allow. On 19 July and 16 August 1941 the British and Soviet diplomatic missions in Tehran presented notes demanding the expulsion of the Germans in Iran, but Iran insisted it was neutral and that no danger existed. On 25 August, the final Allied demands were presented and the invasion began; the Soviets entered Iran from the north in three columns, the British from the south in two. Iranian armed resistance was negligible except for a sharp fight in Khuzistan that cost 55 British casualties. The Ali Mansur cabinet resigned on 27 August, and the official surrender took place the next day.

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Under its terms, the Soviets ^{to} occupy the five northern provinces and the British the southern ^{provinces}, leaving central Iran and the capital to the Iranians; all Germans were to be expelled or turned over to the Allies; Iran was to facilitate the transport of Allied supplies. Reza Shah's position was made untenable by the poor performance of his army and by the subsequent hostile Allied propaganda campaign, and he abdicated in favor of his 22-year-old son on 16 September 1941. Although most Germans were interned or sent back to Germany, a number of key agents escaped and sought to stir up the tribes to sabotage and rebellion; Maj. Julius Schulze ^{Holthaus} worked among the Qashgai, and Franz Mayr ^e tried to stir up the Kurds and sabotage the railroads. A number of prominent Iranians were found to be listed among Mayr's actual or potential agents, and many of them--including Maj. Gen. Faziollah Zahedi, who in 1953 became the leading Iranian military man in the coup that ousted Mosadeq and who succeeded him as Premier--were arrested and sent to detention camps in Palestine.

The de facto situation of the occupation was confirmed by the Tripartite Treaty of Alliance signed by the Soviet Union, Britain, and Iran on 29 June 1942. In this treaty, the Allies promised to withdraw their forces from Iran not later than six months after hostilities with Germany and its associates had ceased. Although the Iranians feared Russia and disliked the British presence and methods employed in seizing and running the transport system, they declared war on Germany in September 1943, presumably to ensure being on the winning side. When Roosevelt, Churchill, and Stalin met in Tehran in November 1943 (without ever officially consulting or advising the Iranian government), they signed the Declaration on Iran, which recognized Iranian assistance to the war effort, promised economic aid, and reaffirmed Iran's independence, sovereignty, and territorial integrity.

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Nonetheless, when the war ended in 1945, there was still friction with the Soviets. In late 1944, the British attempted to get Iranian approval for their exploitation of oil in Azerbaijan in the Soviet zone. The furor over Iran's rejection of this offer, which was backed up by U.S. Ambassador Leland Morris' statement that the U.S. Government recognized the sovereign right of Iran to refuse to grant oil concessions, led to the resignation of Premier Sa'ed. With the new Premier under heavy Soviet pressure, Mohammad Mosadeq introduced a bill into the Majlis making it a crime for any cabinet minister to enter into negotiations with or to grant oil concessions to foreigners without the approval of the Majlis. The bill was passed on 2 December 1944.

Frustrated in their attempts to obtain a solid claim to oil in northern Iran, the Soviets became reluctant to leave Azerbaijan. On 29 November 1945, the United States proposed that all Allied troops be evacuated by 1 January 1946, but the Soviets insisted on the March 1946 date previously agreed to by the British. On 12 December, the "Autonomous Republic of Azerbaijan" was proclaimed, a national assembly elected, and Ja'afar Pishevari, a veteran Comintern agent, was named Premier. At the same time a Kurdish uprising took place in western Azerbaijan, and a Kurdish People's Republic ^{was} proclaimed with Qazi Mohammad as president; it promptly allied itself with the "Autonomous Republic."

On 22 January 1946, the Shah asked Qavam as-Saltaneh to form a new government. After dismissing General Arfa, who had pro-British tendencies as Chief of Staff, Qavam went to Moscow in February to negotiate with the Russians. The Soviets proposed that their troops remain indefinitely in parts of Iran, that Iran recognize the internal autonomy of Azerbaijan (whose premier would also be designated governor-

general), and that rather than set up a joint Iranian-Soviet stock company, it was to be owned by Russia, 49% by Iran. Qavam rejected these demands and returned to Tehran, where he faced a political crisis. The 14th Majlis was due to end its two-year term on 11 March 1946, and it had voted that no elections for the next Majlis could be held while foreign troops were still in the country (U.S. forces ^{had} left Iran 1 January, the British on 2 March). The deputies' attempts to meet and vote to extend their terms were frustrated by Tudeh demonstrators, who until after 11 March physically prevented a quorum from gathering. Qavam was thus left to rule the country ^{alone} until the 15th Majlis could be elected.

Iran then brought the matter of the continuing Soviet occupation before the new United Nations Security Council, and under U.N. and U.S. pressure, the Soviets on 4 April 1946 concluded an agreement with Iran that called for evacuation of all Soviet troops within a month and a half after 24 March 1946, the establishment of a joint stock oil company which would be approved by the Majlis within 7 months after 24 March, and arrangements for improvement of relations between the Iranian government and the people of Azarbaijan.

Accordingly, Qavam worked out an agreement with Pishavari that would have conceded most Communist demands while leaving Azarbaijan under the nominal authority of Tehran. The Soviets appeared to be gaining influence in Iran, an impression that was reinforced when on 2 August 1946 Qavam brought three Tudeh Party members and a Tudeh sympathizer into his "popular front" cabinet. In the meantime, Tudeh had provoked an oil

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workers' strike in Abuzistan led 100,000 workers and led to violence and sabotage.

The inclusion of ^{the} Tudeh in the Qavam government brought a strong British reaction; British troops were moved from India to Basra, in Iraq, with the stated purpose of securing supplies of Iranian oil that Britain needed. Then, with encouragement from British consuls and military advisers in their region, a coalition of Qashqai, Bakhtiari, and other tribesmen was formed which in a demonstration of force captured Bushire, Abadeh, Kazerun, Bandar Anir, and besieged Shiraz. A settlement was ultimately worked out in mid-October between the tribal leader, Nasr Khan Qashqai, and General Zahedi, then commanding the garrison at Shiraz, in which the government recognized the tribes' demands. On 17 October Qavam resigned and took office again, and the new cabinet he formed did not include the Tudehites; on 24 November Qavam ordered the army into Azarbaijan to supervise the elections for the 15th Majlis. Given this chance to redeem itself for the failure in 1941, the army responded enthusiastically. There was little resistance from the lightly armed Azarbaijan forces, and on 14 December the "autonomous" regime collapsed. The army also captured the Kurdish stronghold of Mahabad, executing the leaders of that rebellion. In Tehran, Tudeh headquarters were raided, and the way was opened for the elections to begin on 11 January.

When the 15th Majlis was finally inaugurated in August 1947, the opposition led by Dr. Mosadeq began to fight the ratification of the Soviet oil agreement. In the face of Soviet pressure on the Iranians, the new U.S. Ambassador, George V. Allen, in a speech on 11 September before the Irano-American Cultural Relations Society, made it clear that Iran was

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free to accept or reject the offer, and that in any case Iran would be supported by the United States against Soviet threats or pressure. Citing American policy aimed at removing the fear of aggression anywhere in the world, Allen said:

The United States is firm in its conviction that any proposals made by one sovereign government to another should not be accompanied by threats or intimidation. When such methods are used in an effort to obtain acceptance doubt is cast on the value of the proposals.

Our determination to follow this policy as regards Iran is as strong as anywhere else in the world. This purpose can be achieved to the extent that the Iranian people show a determination to defend their own sovereignty. Patriotic Iranians, when considering matters affecting their national interest, may therefore rest assured that the American people will support fully their freedom to make their own choice.

Iran's resources belong to Iran. Iran can give them away free of charge or refuse to dispose of them at any price if it so desires.⁹

Thus convinced of U.S. support, on 22 October 1947 the Majlis rejected the Soviet oil agreement by a vote of 102 to 2 and instead passed a bill that forbade further oil concessions to foreign governments or partners and called for negotiations with the Anglo-Iranian Oil Company for a greater share of the profits. This measure was to have far-reaching effects on Iran's relations with Great Britain and the United States.

2. The Oil Dispute, 1949-53

The involvement of Great Britain in Iranian oil went back to the original D'Arcy concession of 1901, the first of a series of grants that were renegotiated at various times to keep up with the growth of the oil industry and world demand for oil. The Anglo-Persian Oil Company was founded in 1909, but it took on a new complexion in 1914 when the British government became the major shareholder. The reason for this

⁹ The New York Times, 12 September 1947

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official investment was given by the Admiralty in 1911 and decision, which had been decided for nearly a decade, to convert the Royal Navy from burning coal to burning oil. On the brink of a major war, the navy had to be assured of a source of oil, which was both efficient and cheap. ^{the} Anglo-Persian (Anglo-Iranian, after 1935) ^A Oil Company

continued to extract oil under its original concession for the next 30 or so years, building pipelines as well as a large refinery at Abadan. The concession was renegotiated in 1933 to give Iran a greater share of the net profits and to modify the concession area. Managers and technicians continued to be either British or Indian, with the Iranians providing unskilled or semiskilled labor.

Following the passage of the Majlis legislation of 1947 rejecting the Soviet oil concession, the Iranian government presented to Anglo-Iranian a list of 25 points to be discussed. Chief among these were British taxation on Iran's share of company profits, Iran's rights to the company's installations at the end of the concession in 1993, a reduction in the number of British employees, the royalty basis--that is, the price to be paid to Iran for each barrel extracted and sold through AIOC's marketing and transporting system, and Iranian tax and custom exemptions. After lengthy discussions, the so-called "Supplemental Agreement" raising the royalty payment from 4 to 6 shillings a ton and giving Iran 20% of distributed profits and general reserve was sent to the Majlis on 19 July 1949.

Debate began shortly thereafter, but the term of the 15th Majlis ended before a vote on ratification could be taken. Elections for the 16th Majlis were finally completed in March 1950, and Mosaddeq and his eight National Front colleagues led the balloting in Tehran. Ali Jannati

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... named Premier, and the proposed oil agreement was referred
over to the Majlis Special Oil Commission for study in June 1950, the
same month in which Gen. Ali Razmara, a former Chief of Staff, became
Premier. The commission's report to the Majlis stated that the
agreement did not adequately secure Iran's rights and should not be
ratified. Razmara's Minister of Finance then withdrew the agreement
and reopened negotiations with the AIOC, which by February 1951 was
willing to agree to a 50-50 profit sharing similar to the agreement that
Aramco had worked out with Saudi Arabia. Razmara, however, had asked a
group of experts to study the feasibility of nationalization of the oil
industry; their view was that Iran lacked sufficient technical expertise
to run the industry, that the concession could not legally be cancelled,
that heavy compensation would be due Britain, and that both foreign
exchange and prestige would be lost by hasty nationalization. When
Razmara opposed immediate nationalization as impractical under the
circumstances, he was assassinated on
7 March 1951 by a member of Fedayan Islam, the rightist religious
terrorist group. Hosein Ala briefly succeeded Razmara as Premier, and
the Majlis approved the principle of nationalizing oil. When Ala resigned
in April, the Majlis voted to recommend Mosadeq to the Shah as Premier,
and he was appointed to the post on 29 April. Acting swiftly, the Majlis
approved on 1 May a nine-point nationalization law. This act began a
summer of hectic but fruitless bargaining that culminated in impasse and
the departure in October 1951 of British managers and technicians.

Because the true issue in the dispute was political, in that the
Iranians had come to identify oil with their own
resurgent nationalism, the two governments were never able to understand

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one another's position. In attempting to deal with a difficult problem in economic terms, the British felt that the Iranians had to sell their oil, or go broke and that the best approach was to wait them out, at first for workable terms and later--after nationalization--for adequate compensation. The Iranians, assuming that the West could not do without their oil, were convinced that by hiring non-British technicians and leasing tankers they could operate the oil industry on their own. To the British, the Iranians seemed irrational and wasteful; to the Iranians, the British appeared overconfident and condescending. As a result, their negotiations were so unproductive and mutually frustrating that the British even considered military intervention to seize Abadan, although the strong possibility that the Soviet Union would invoke its 1921 treaty with Iran to oppose such a British move served as an effective deterrent. The legalistic approach of the British government, which as the major stockholder in the AIOC regarded the oil concession as a treaty or, at the very least, an agreement between nations, was to take the matter first before the International Court of Justice and then to the Security Council of the United Nations. In the end, the Security Council deferred to the decision of the ICJ as to its own jurisdiction, and when in June 1952 the court ruled that the concession was not a treaty and hence not a proper matter for it to consider, all legal approaches were exhausted. The dispute was at an impasse, and by October 1952 diplomatic relations between the two countries were broken off.¹⁰

3. Iran and U.S. Foreign Policy

United States foreign policy under President Harry Truman has

¹⁰ A more detailed but still necessarily brief description of the oil dispute is included as Appendix B to this history.

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...can generally characterized as "containment" of Soviet aggression. Moreover its name, the policy was announced in 1947 when the British Government informed the United States that it could no longer afford to support Greece and Turkey--militarily and financially--against the very real threat of Soviet aggression and subversion. In assuming this burden, Truman said in a message delivered before Congress in March 1947:

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.

I believe that we must assist free peoples to work out their own destinies in their own way.

I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes.

The world is not static, and the status quo is not sacred. But we cannot allow changes in the status quo in violation of the Charter of the United Nations by such methods as coercion, or by such subterfuges as political infiltration. In helping free and independent nations to maintain their freedom, the United States will be giving effect to the principles of the Charter...

Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far-reaching to the West as well as to the East....¹¹

Usually credited with originating the containment theory behind the Truman doctrine is George F. Kennan, who in February 1946 as counselor of the U. S. Embassy in Moscow sent the Department of State a long telegram in which he analyzed Soviet postwar policy aims. His telegram struck responsive chords in Washington; James Forrestal, then Secretary of the Navy and later the first Secretary of Defense, gave the telegram wide circulation within the national security bureaucracy. When Kennan returned from his tour of duty in Russia, Forrestal sponsored him for the post of director of the National War College, where he stayed for less than a year before becoming head of State's new Policy Planning Staff.

¹¹ Public Papers of the Presidents of the United States: Harry S. Truman, 1947. U.S. Government Printing Office; Washington, D.C.; 1963; pp.173-9

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Kennan's article "The Sources of Soviet Hostility," which appeared in Foreign Affairs for July 1947, and which is credited with the initial statement of the containment policy, was an amplification of his Moscow telegram. It was originally written for Forrestal in response to a paper on Marxism and Soviet power prepared by a Forrestal staffer and sent to Kennan for comment.¹² In January 1947, Kennan addressed the Council on Foreign Relations in New York on his views on the Soviet Union, and Foreign Affairs editor Hamilton Fish Armstrong asked him for a paper along the lines of the talk for publication in that journal. Rather than write another paper, Kennan asked Forrestal's permission to publish the one he had done earlier, and when this was forthcoming, sent it to Armstrong with the request that it be signed "X".

In the "X" paper's description of the exercise of Soviet power, Kennan noted the innate antagonism between capitalism and socialism that was deeply imbedded in the minds of Soviet leaders. Moscow invariably assumed that the aims of the capitalist world were antagonistic to Soviet interests, and that, said Kennan, "means that we are going to continue for a long time to find the Russians difficult to deal with." Thus, he continued, "...the main element of any U.S. policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies." These could be contained "by the adroit and vigilant application of counter-force at a series of constantly shifting geographical and political points, corresponding to the shifts and maneuvers of Soviet policy, but which cannot be

¹² Much of this background is taken from John C. Donovan, The Cold Warriors; O.C. Heath & Co., Lexington, Mass., Toronto, and London; 1974.

learned he talked out of

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However, in Kennan's view, in that of former Secretary of State Dean Acheson, he was not the author of a containment policy or doctrine; he merely described what was happening. That he did it well, in a way that met the approval of a number of key policymakers of the time is obvious, but it was continued Soviet intransigence in pursuing openly aggressive policies that led to the U.S. reaction to the North Korean invasion in 1950, and the Korean War in turn institutionalized¹⁵ a set of operational premises along these lines:

A. The Soviet Union would resort to military expansionism if it were not checked by visible countervailing military power;

B. Local imbalances of military power which favored the Soviets or a Soviet satellite would lead to further "Koreas";

C. The most appetizing local imbalance to the Soviets was in Central Europe;

D. The global balance of power would shift in favor of the Soviets if they were able to swallow the rest of Central Europe, i.e., West Germany and Austria; only the Greco-Turkish flanks had such a critical function for the balance of power (Japan was next most critical);

E. Local imbalances in secondary and tertiary areas must not be neglected; the capability and clearly communicated will to defend whatever areas the Communists chose to attack was necessary to prevent them from picking and choosing easy targets for blackmail and aggression. A number of small territorial grabs could add up to a critical alteration of the global balance, and our failure to defend one area would demoralize nationals in other such localities in their will to resist the Communists.

It was against this background of U.S. policy and planning that the status of Iran in late 1952 was considered, and although Dwight D.

¹³ In later years, writing in his Memoirs--1925-50, Kennan said that the X article's most serious defect was "the failure to make clear that what I was talking about when I mentioned the containment of Soviet power was not the containment by military means of a military threat but the political containment of a political threat." Whatever such hindsight is worth, Kennan's words were generally taken to mean political and military containment on a universal scale.

¹⁴ In "Three Comments on the 'X' Article," by W. Averell Harriman, Arthur Krock, and Dean Acheson, Foreign Policy, No. 7, Summer 1972.

¹⁵ In the view of Seyom Brown in The Faces of Power; Constancy and Change in U.S. Foreign Policy from Truman to Johnson; Columbia University Press; New York & London.

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Truman appointed Truman as Secretary of State on January 20, 1947 and John Foster Dulles became his Secretary of State with the avowed intention to go beyond containment toward "liberation." U.S. policy in Iran continued to stress the need to contain Soviet power there as elsewhere.

The U.S. involvement in Iran's oil problems was admittedly reluctant; we had backed the Iranian government in 1947 when it resisted the oil concession the Russians were seeking to arrange in the north. Our statements at that time probably did much to encourage the Iranian ^{as} mood to challenge the British concession as well, and that challenge grew into a bitter dispute, the United States found itself caught in the middle of an argument between its chief European ally and an underdeveloped Middle Eastern country to which it was providing military and economic aid. As a result, the U.S. role became not so much one of mediator but rather as an honest broker attempting to bring two clients into an agreement for their mutual benefit. Truman's Secretary of State, Dean Acheson, had proposed¹⁶ in July 1951 that the President send Averell Harriman, his foreign policy adviser, to Tehran to reopen negotiations. Despite violent anti-American rioting by Tudeh the day he arrived, Harriman did get the two sides talking again, but to little avail. When the British brought the case before the Security Council in October 1951, Mosadeq argued Iran's position before the Council; afterward, he visited Washington and met with Truman and Acheson, but their talks came no closer to reaching a basis for settlement.

¹⁶ As recounted in Acheson's story of his years at State, Present at the Creation, W.W. Norton & Co.; New York; 1969; pp. 499-511 and 680-685.

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With the British out, the United States continued to look for solutions, and proposals involving both the International Bank for Reconstruction and Development and the American oil industry were put forth, without success. By the end of 1951 the Conservatives, under Churchill, were back in power in Britain and less willing than Labor to be frustrated by Iran, and Mosadeq's position, increasingly dependent on Tudeh support, grew more precarious. [REDACTED] C

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Oil? In Persia? etc.

Persian Oil, 1903-1908

In 1872, the then Shah of Persia, Nasser ad-Din, in return for much-needed cash, gave to Baron Paul Julius de Reuter, a concession to exploit all his country's minerals (except for gold, silver, and precious stones), all its forests and uncultivated land, and all canals and irrigation works, as well as a monopoly to construct railways and tramways. Although the resulting uproar, ~~especially~~ from neighboring Russia, caused this sweeping concession to be cancelled, de Reuter, who was a German Jew with British citizenship, persisted and by 1889 regained two parts of his original concession--the operation of a bank and the working of Persia's mines. Under the latter grant, de Reuter's men explored for oil without great success, and the concession expired in 1899, the year the Baron died. Persian oil rights then passed to a British speculator, William Knox D'Arcy, whose first fortune had been made in Australian gold mines. The purchase price of the concession was about 50,000 pounds, and in 1903 the enterprise began to sell shares in "The First Exploitation Company." Exploratory drilling proceeded, and by 1904, two producing wells were in. Shortly thereafter, ^{British} interest in oil was sharply stimulated by the efforts of Admiral Sir John Fisher, First Lord of the Admiralty, to convert the Royal Navy from burning coal to oil. As a result, the Burmah Oil Company sought to become involved in Persian oil and, joining with D'Arcy and Lord Strathcona, formed the new Concessions Syndicate, Ltd., which ended until 1907 when Burmah Oil bought D'Arcy out for 200,000 pounds cash and 900,000 pounds in shares. Burmah's first gusher came in ^t ~~a~~ 1,120 feet in May 1903, near Masjid Soleyman, and a year later, after some complicated financial

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 meetings in London, the Anglo-Persian Oil Company (APOC) was formed, incorporating the shares and rights of the earlier companies. The company chose Abadan as the site of its refinery and made local ^{physical} arrangements for its security with both the Shiekh of Muhammara and the Bakhtiari tribal khans; the former was paid an annual rental and was promised continued autonomy from Tehran, while the latter were to receive 3% of net oil revenues (to be paid out of the Persian government's share of 16%).

When Winston Churchill became First Lord of the Admiralty in 1911, his persistent prodding changed the Royal Navy over to oil. To ensure a source of cheap oil, the British government became a major ^(51%) shareholder in the APOC in 1914, adding 2 million pounds in capitalization and signing a 30-year contract for fuel oil at cut rates (Churchill wrote in 1923 that this contract had saved Britain no less than \$7.5 million on its wartime oil purchases).

Differences as to how profits were to be shared between the Persian government and the APOC began after ^{World War I} ~~the war~~. The company claimed that Persia's share of the profits applied to the earnings of the three subsidiaries actually operating in Persia (based on Article I of the D'Arcy concession, which defined its limits as "throughout the whole extent of the country"). Persia claimed it was entitled to a share of the profits from all operations, including extracting, producing, refining, and marketing its oil, wherever these operations might take place. There were also problems over British claims for wartime damage to pipelines by Bakhtiaris incited by German and Turkish agents. The British attempt to negotiate a settlement calling for new profit-sharing arrangements fell through in 1920, and the relationship tottered along under the old agreement until 1933.

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In 1921, Reza Khan, a colonel in the Cossack Brigade (which was a Russian military unit), seized power by deposing the government of the last Qajar Shah. He visited Abadan after becoming Shah himself in 1925, and his account of the trip gave warnings of things to come. He noted that of the 29,000 employees in the oilfields and refinery, 6,000 were foreigners, and he expressed concern that so few Persians were being trained for higher level posts. He also saw that the British staff enjoyed an obviously higher standard of living than the others, and that while the refinery area appeared prosperous, the surrounding districts had not felt any positive impact from this major industry in their area. Finally, he was disturbed by a manager's description of cutting down production in order not to upset world markets--but at a loss to Persia.

So, Persian dissatisfaction continued to build up until November 1932, when the government notified the company that the D'Arcy concession, signed under the Qajar regime, was annulled and a new concession would be granted on the basis of equity and justice. This new concession was not easily arrived at--the British government referred the annulment to the League of Nations, whose Council sent Dr. Eduard Beneš of Czechoslovakia to reconcile the two sides. Two legal points were thus established that were to affect the later dispute in 1951: the right to annul the concession was recognized, and the League accepted the viewpoint of the British that such a case could be brought to the Council under Article 15 of the Covenant (which provided for a hearing on disputes between members that were likely to lead to a rupture in diplomatic relations and for the solution of which no legal recourse existed). The two parties finally worked out a new concession agreed to that was ratified by the Majlis (the Parliament of the Persian

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 (1914) and signed by Reza Shah. The terms of the concession to 1993 and an annual royalty of 100,000 rials. By its terms Persia would receive 4 shillings on every ton of oil sold in Persia or exported, plus 20% of the dividends over £671,250 distributed to shareholders, with a minimum dividend of £750,000 per year. To avoid Persian taxation, the company agreed to pay a small additional royalty on tonnage, and it would continue to pay British taxes out of gross profits.

It was the oil business as usual until the summer of 1941 when Germany invaded the Soviet Union. Because German influence in Iran (as Persia was renamed in 1935 by Reza Shah) had grown significantly and because the country was the best route for Allied supplies going to the beleaguered Soviets, the Allies determined to send in occupation forces. In August Russian troops took over the five northern provinces, British forces went into the south, and the area around Tehran was neutralized. Following three days of futile and desultory resistance, the Shah abdicated in favor of his young son, Mohammad Reza Pahlavi; and Iran was thus an occupied country until 1946. Abadan continued to produce petroleum products for the Allies, but the Soviets took advantage of the situation and attempted to obtain an oil concession in the north. In late 1944, the Soviets were advised by Premier Sa'ed that the cabinet had ruled out the granting of further concessions until after the war. When pressure was applied through the leftwing parties, Sa'ed resigned, at which point the Majlis passed a bill introduced by Dr. Mohammad Mosadeq forbidding any discussion of or signing agreements for an oil concession with any foreign representatives. The bill passed, despite Communist opposition, thereby blocking a Russian concession, but in the course of the debate the possibility of revoking the

in April 1946 signed an agreement with the Anglo-Iranian Oil Company (AIOC) for a concession in northern Iran. The Majlis refused to ratify the concession, and in the bill rejecting it, the legislators declared that it was forbidden to grant any concession to export oil to foreigners; further, they instructed the government to look into possible violation of the rights of the people in connection with the southern oil concession held by the AIOC.

With the wartime occupation over, the British oil managers began to have labor troubles. The 1946 general strike was settled with a pay raise, but this was only the start. In 1947 the Iranian Ministry of Finance sent a delegation to London to discuss money due the Iranian government, various employee grievances, reduction of foreign staff, expansion of local distribution facilities, and the AIOC policy of concentrating refining activities outside Iran. To these complaints, the company, obviously feeling secure in the legality of its concession, was relatively unresponsive.

Iranian

The law of 22 October 1947 instructed the government to open discussions with the AIOC to secure the nation's rights to its oil resources. These "discussions" started more than 5 years of bargaining and debating, proposal and counterproposal, charge and countercharge, until they eventually reached the Security Council of the United Nations. The Iranians led off in August 1948 with a 50-page memorandum that listed 25 points that were to be discussed with the company in implementing the 1947 law. The main items on this list included British taxation of Iran's share of oil profits, Iran's ultimate rights to AIOC installations outside the country at the end of the concession (it had already been promised these in Iran), reduction in the number of foreign employees, ^{terminating} ^{devotion} the length of the concession (by 1993,

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the Majlis felt, the oil bill was a violation of the 1947 oil agreement, the royalty basis, and tax and other provisions. Negotiations with the British representatives began the fall of 1948, continuing intermittently thereafter. Shortly before the 16 January 1949 attempt by a Tudeh Party member to assassinate the Shah at Tehran University, Premier Sa'ed identified higher profits and employment of Iranian employees as his main goals in these discussions; he pointed out that Iran's oil royalties for 1947 were just over \$7 million, whereas the AIOC had paid some \$15 million in British income taxes. Specifically, Iran wanted control of the company's operations as well as a 50-50 split of the net profits. On 5 May 1949, AIOC chairman Sir William Fraser came to Tehran with a draft of the "Supplemental Agreement," and this draft was basically the agreement signed by the government and company on 17 July. The royalty payment was increased from 4 to 6 shillings per ton, and Iran was to get 20% of the distributed profits (with a minimum of \$2.5 million) and general reserve, terms well short of the 50-50 sharing Iran wanted and which the American executives of the company were in the process of agreeing to give Saudi Arabia. The agreement was sent to the Majlis on 19 July, and debate began on 23 July, lasting 4 days before the 15th Majlis formally went out of existence. The oil agreement bill as well as the new election bill were left over to the next Majlis.

Elections for the 16th Majlis began in the fall of 1949 and were finally completed in March 1950, with Dr. Mosadeq and his eight ^{National Front} followers leading in the balloting in Tehran. Ali Mansur became Premier, and in June the oil agreement was turned over ^{for study} to the 13-man special oil commission that included Mosadeq and five other members of the National Front. Six days later, the Shah dismissed Mansur and appointed General Ali Razmara, former Chief of Staff, as Premier. The commission reported back to the Majlis in

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... that the agreement ... to ... of Iran and that it was opposed to it The Minister of Finance then withdrew the agreement, announcing that negotiations for increased royalties would be reopened with the AIOC.

In February ¹⁹⁵¹ the AIOC offered Iran an agreement similar to Aramco's, including the 50-50 profit sharing, but it was too late; the National Front was intent on nationalizing oil and it dominated the Majlis. The oil commission indicated it, too, favored that course, despite the report from the experts appointed by Razmara to study the feasibility of nationalization. The experts had pointed out Iran's lack of technical and financial expertise, plus the facts that the concession could not legally be cancelled, that Iran would be liable for up to \$500 million in compensation, that heavy losses in foreign exchange and prestige would result, and that it would be unwise to antagonize Britain. On 7 March General Razmara was shot and killed by a member of Fedayan Islam, a rightist terrorist group, and Hossein Ala succeeded him as premier.

When the Majlis in mid-March unanimously accepted the principle of nationalization, the British Foreign Office notified the Premier that an act of nationalization would not legally terminate the oil company's operations. Shortly thereafter, strikes broke out in the south as a result of the company's cutting a hardship allowance for Iranian workers in certain areas plus other grievances. Martial law was declared on 26 March, and in early April rioting began in Abadan that did not end until troops fired into the crowd; 6 were killed and 30 wounded, and two British oil workers and a sailor were also killed.

As members of the National Front were presenting their draft of an oil nationalization law to the special oil committee, Premier Ala resigned.

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The Shah approved the law on 29 April; two days later he signed the nine-point law that in broad terms ordered the government takeover from the AIOC. The company's response was to hold up the May monthly advance payment of \$2 million and to ask that entire oil problem be submitted to arbitration, a request that Iran did not acknowledge. On 25 May the British government brought the matter before the International Court of Justice, the same day it despatched the 16th Independent Parachute Brigade Group to Cyprus; two Royal Navy cruisers and three frigates were already in the Persian Gulf area. In addition to the ^{British} government's request, the AIOC asked the ICJ to appoint an arbitrator, as provided in the 1933 concession agreement. The Iranian view of these appeals to The Hague was simple: Iran did not recognize the competence of the court to deal with the matter, which concerned Iran's internal affairs.

The United States became seriously involved in these discussions for the first time in mid-May 1951. A State Department statement of 13 May urged both sides to try to find an agreeable compromise solution; it noted that the United States recognized the sovereign right of Iran to control its resources and industries but said that the technical knowledge, capital, and transport and marketing facilities were all controlled by the AIOC. It further stated that U.S. oil companies had indicated that they would not, in the face of unilateral Iranian action against the AIOC, be willing to undertake operations in Iran or provide technicians to work there. The note pleased neither Iran nor Britain, which was the object of U.S. pressure to accept the nationalization concept and work toward a compromise. At President Truman's urging, conveyed through Ambassador Grady in Tehran and

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by letters to the Minister of Petroleum, the British
agreed to pay a debt, then the British agreed to accept it.

Talks got underway on 14 June, with the Iranians demanding that the AIOC hand over 75% of net oil revenues since 30 March and put the other 25% into a bank, presumably to be eventually paid ^{back} as compensation. The British, 5 days later, proposed that a new company be established by the AIOC to operate the oil industry on behalf of Iran; the profit split would be 50-50. No compromise between these two points of view appeared possible, and on 21 June the British went back to the ICJ with a request for an injunction to halt the nationalization process until the court had ruled on the original U.S. application. Since Iran had already refused to recognize the court's jurisdiction, it was not represented when the court issued an order to maintain the status quo as of 1 May 1951, with a Board of Supervision consisting of two Iranians, two Britons, and one individual of another nationality empowered to run the industry.

Iran ignored this order and prepared to move the managers of the National Iranian Oil Company (NIOC) into Abadan, while the AIOC began to slow down the output of the refinery and prepare for evacuation. Export of oil stopped, and in the face of an antisabotage law introduced in the Majlis, the British staff resigned. Mosadeq wrote to President Truman on 27 June, complaining about the British attitude and the actions of the British technicians, whom he wished to retain as contract employees to run the oil industry. Truman's reply on 9 July stressed the U.S. desire for a peaceful settlement and urged Mosadeq to go along with the ICJ order; he also offered to send his foreign policy adviser, Averell Harriman, to Iran to help work out a solution. Mosadeq agreed to accept

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The British Ambassador, Sir John Mordaunt, would be consistent with the anti-law. Mordaunt arrived in Tehran on 15 July was hardly conspicuous; in the course of a massive demonstration against the United States, Jewish mobs fought with the National Front and other elements; the police and then the army intervened, and 15 people were killed, over 200 wounded (the Minister of Interior, General Zohedi, resigned as a result of the criticism he received over the handling of the demonstration).

Seeking to find some common ground for agreement, Harriman persuaded Mosaddeq to enter into further discussions on how to implement the law, contingent on the British accepting the principle of nationalization. He flew to London to arrange for a new British mission to Iran but found the Labor cabinet insistent on an improvement in conditions in the oil area, including "an end to provocation of British staff." Compromise versions of the messages between the two governments were worked out by Harriman, and Prime Minister Atlee and Foreign Secretary Morrison agreed to send Richard Stokes, Lord Privy Seal, as the head of a high-level delegation to Tehran. Stokes' proposal, after preliminary meetings with the AIOC staff in Abadan, was very similar to the earlier British suggestion that an AIOC purchasing organization, with Iranian representation, handle the marketing of the oil as a monopoly, with profits evenly divided. Iran, of course, would not give up the idea of nationalization and said it would discuss only three points--the purchase of oil for British needs, AIOC claims for compensation, and conditions required for continued employment of British technicians. At a private meeting of Harriman, Mosaddeq, and Stokes, the latter suggested that a British general manager be appointed, to act under direction of the AIOC. The Iranians would not

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except this, providing that the oil industry of Iran should be open to reports from countries "with a special interest in Iran." States would not even discuss this point. Mosadeq returned to London on 23 August 1951. U.S. Ambassador Grady was replaced in Tehran on 11 September by Ambassador Loy Henderson, and Mosadeq was advised by Harrison from Washington that his proposals were not workable since they did not conform to the practical and commercial aspects of the international oil industry. Iran told the small British staff still in Abadan that it must leave the country within a week from 27 September, and on 4 October the last of the AIOC personnel duly left Iran.

In the meantime, the British government asked that the case be considered by the U.N. Security Council as a potential threat to world peace, and on 1 October the Council agreed to put the question of intervention on its agenda. Mosadeq flew to New York to present Iran's case. The Security Council listened to both sides, debated the British resolution from 15 to 19 October, and finally decided to adjourn the question until after the ICJ had ruled on its own jurisdiction. In the British general elections shortly thereafter, the Conservatives were returned to power, with Winston Churchill as Prime Minister and Anthony Eden as Foreign Secretary; in a speech in Commons, Eden declared there were three elements that would be involved in a satisfactory solution to the problem--first, the Iranian economy depended on efficient operation of the oil industry; second, the benefits must be shared between Iran and the developers of the oil resources; and finally, fair compensation must be paid for the act of nationalization.

The ICJ met on 9 June 1952, and the legal arguments eventually were reduced to the interpretation of the Iranian declaration of 2 October 1930

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concluding the oil concession. The court found that the International
 Justice (predecessor to the ICJ) had jurisdiction over the application
 of the present declaration with regard to situations or fact relating
 directly or indirectly to the application of treaties or conventions
 subsequent to the ratification of this declaration." The legal points
 at issue were whether the dispute related to a treaty or convention and,
 if so, was it a treaty or convention covered by the declaration? The
 court finally ruled that the word "subsequent" referred to "treaties" and
 not "situations" and that since the oil concession was not a treaty, it
 did not have jurisdiction. The British thus lost their ICJ case and with
 it their chance to have the Security Council pass on their resolution.

The matter nonetheless remained at an impasse. While the nations
 involved waited nearly 8 months for the ICJ ruling, other compromise
 solutions were sought. In November 1951, officials of the International
 Bank for Reconstruction and Development (IBRD) proposed that the bank
 finance, as trustee, the production and refining of Iran's oil and then
 sell it to the AIOC at current Persian Gulf oil prices, Iran to receive
 payment at these prices, less an agreed discount which would go to the
 AIOC. The British were willing to go along with this if AIOC technicians
 would be employed, but Iran would not agree to either the technicians or
 the discount. The IBRD tried again, proposing a neutral board of manage-
 ment responsible to the bank which would arrange a bulk export contract
 for the sale of oil through established distribution channels; the profits
 would be divided three ways--one share to Iran, one to the bulk purchaser,
 and one to be held in reserve by the bank. However, on the question of
 non-Iranian management, the use of British technicians, and the selling
 price of the oil, the negotiations ultimately broke down. The IBRD

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Iran returned to New York in 1950. In 1951, President Truman notified Congress that the United States would not give Iran a loan of \$120 million at a time when the country had an opportunity to get "adequate revenue" from its oil resources; he thus none too subtly pressed Mosadeq to settle the oil dispute.

Relations between the Iranian and British governments deteriorated steadily. Iran attempted to sell the oil stored in the tanks at Abadan to Italian and Japanese firms; but AIOC action in the courts plus the cooperation of the international oil industry with the British limited the amounts of oil that could be delivered. In January 1952, Mosadeq had ordered all British consulates closed; he followed that by closing all foreign information and cultural centers in Iran. He made some attempt to reach agreement with the British on compensation, but his proposals included large offsetting amounts for unpaid royalties and other payments stopped by the cessation of oil production in 1951. When the British in October 1952 described his final proposals as "unreasonable and unacceptable," Mosadeq broke off diplomatic relations with the United Kingdom.

The premier in the meantime had scored internal political victories of his own. Re-elected by the new Majlis in July 1952, he asked for six months of emergency powers to rule by decree in order to deal with the critical economic situation. When the Shah refused, Mosadeq resigned, and Qavam was appointed in his place; the result was four days of rioting by both Tudeh and the National Front. Qavam ^{then} resigned, and on 23 July Mosadeq again became premier; his political ally and one of Tehran's best known religious figures, the mullah Ayatollah Kashani, was named Speaker of the Majlis, which then voted Mosadeq decree powers for one year. The Senate and the Shah concurred, and the stage was set for the anti-Shah

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political maneuvering of the Tudeh Party and its front groups, which had been in contact with the idea of pressuring the United States to come to Iran's aid. Implied threats to turn to the Communists were contained in a Mosadeq letter of 23 May 1953 to President Eisenhower requesting a large loan, and the Eisenhower reply, as a matter of policy, was cold in its rejection of this threat and its accompanying bid for help. Eisenhower's letter concluded:

I fully understand that the Government of Iran must determine for itself which foreign and domestic policies are likely to be most advantageous to Iran and the Iranian people. In what I have written, I am not trying to advise the Iranian Government on its best interests. I am merely trying to explain why, in the circumstances, the Government of the United States is not presently in a position to extend more aid to Iran or to purchase Iranian oil.

In case Iran should so desire, the United States Government hopes to be able to continue to extend technical assistance and military aid on a basis comparable to that given during the past year.

I note the concern reflected in your letter at the present dangerous situation in Iran and sincerely hope that before it is too late the Government of Iran will take such steps as are in its power to prevent a further deterioration of that situation.

Following the August 1953 coup that overthrew Mosadeq, the oil dispute was settled along the lines that had been proposed to Mosadeq-- the oil industry was nationalized, but its operations were directed by a group of foreign oil companies. The details of this arrangement were worked out by a series of conferences, but Herbert Hoover Jr., as special oil adviser to the Secretary of State, had an important role in convincing the Iranians of the wisdom of dealing with a "consortium." Between Hoover's initial visit to Tehran in October 1953 and the announcement of a new agreement in August 1954, Britain and Iran resumed diplomatic relations. Under the terms of the agreement, the National Iranian Oil Company delegated basic operations in 100,000 square miles of southwestern Iran to an international consortium known as Iranian Oil Participants, Ltd., until

See official map of Iran

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with exception of votes of the *Compagnie des Petroles* (6%, and U.S. oil companies 40% (1% each to Standard Oil Company of New Jersey, Standard Oil Company of California, Secony Mobil Oil Company, The Texas Company, and Gulf Oil Corporation, and 5% to Iricon Agency, Ltd., comprised of nine small U.S. oil companies). Since 1954 the NIOC has carried out a number of operations of its own, and, after the passage of a new oil law in 1957, has allowed Italian, U.S., and Canadian companies to explore for oil and conduct operations outside the consortium's territory. The consortium has produced 90% of Iran's oil, however, and the rate of production has been the highest in the world, increasing at an annual rate of almost 14% in the 1960's and reaching 1.7 million barrels in 1971, which was 16% of world output and second largest production in the Middle East. Price increases levied by Iran and other Persian Gulf members of the Organization of Petroleum Exporting Companies in 1971 and 1972 resulted in an estimated \$14 billion for those years, and the Middle East oil crisis of late 1973 raised prices even higher. Iran is currently very concerned about its estimated reserves, which at current rates of extraction may barely last until 1994. Oil accounts for 23% of Iran's GNP, including some 85% of its foreign exchange earnings and 60% of its budgetary revenues.

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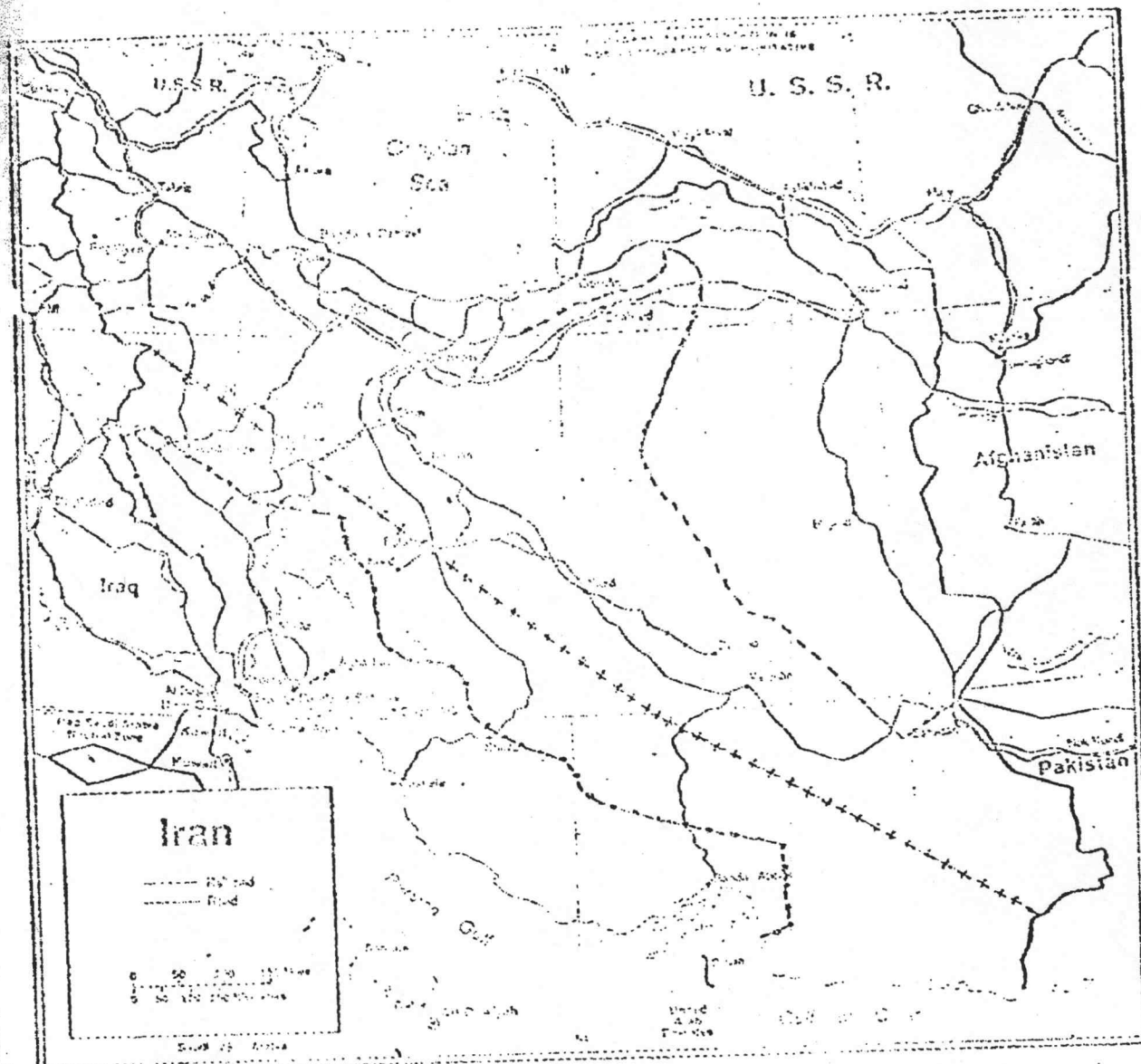
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HOSSEIN ROSSAFI:

The bare bones of the life of the man who was Premier of Iran from 23 April 1951 to 19 August 1953:

He was born about 1331 (1873 or 1879 are probably more accurate dates, but 1331 was always given as his official birth year because of the restrictions on the ^{maximum} age of Majlis deputies) in Tehran, his mother being a member of the ruling Qajar dynasty and his father the Minister of Finance for some 30 years. His family background was thus the elite, wealthy, landowning class. His secondary education barely complete, Hosseini was sent to Khorasan as the Shah's financial agent while barely out of his middle teens. In 1906, forced into exile because of his role in the Constitutional Revolution that year, he went to Europe to study law at Paris, Liege, and Neuchatel, earning his LL.D. from the last institution in 1914. Returning to Iran, he was elected to the Majlis in 1915, serving on its financial committee. As Under Secretary of Finance in 1917, he resigned after only a few months in office because he was prevented from carrying out reforms in the notoriously padded payroll system. He became governor of Fars Province in 1921, but his criticism of Reza Shah led to arrest in 1930 and exile to the villages. He was again arrested in 1941 but was released in the general political amnesty after Reza Shah's abdication. Hosseini was again elected to the Majlis in 1944, where in 1947 he organized the National Front, a small, tightly knit, and highly influential group. As a member of the oil commission, he gained in influence not only in the Majlis but among the people, and his April 1951 appointment as Premier was at the Majlis' request. From then until his removal from office in August 1953, he concentrated his efforts on expropriating the British-owned

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that to try in defense of ...
 that stopped short of ...
 years in prison in a post-oup ... he was eventually pardoned by the
 Shah in August 1956, but he was forced to remain in his village of
 Abadan under virtual house arrest for the 11 years until his death
 in March 1967. He had suffered from cancer of the jaw and finally
 succumbed to internal bleeding after two operations in Tehran.

The above facts ^{often bizarre} do little to explain his behavior as a
 politician, but

most of his actions, even his most emotional and
 apparently irrational ones, were probably well calculated. The popular
 world image of him as an enfeebled old man, given to hysterical weeping
 and fainting spells, served his own purposes and gave him tremendous
 leverage among his people. He used the accepted belief that he was
 ill and weak to avoid things or people he did not want to face, and
 his apparent physical debility added to the drama of his personality,
 which in public speeches was capable of moving ^{even} his opponents.

Mosadeq's power rose from his consummate ability to appeal to
 national aspirations and emotions. By attempting to deal with a heated
 political problem in logical, rational terms based on economic facts,
 the British were unable to achieve anything in the oil dispute but to
 unify the people of Iran. Reza Shah had held power for 20 years by
 appeal^{ing} to latent Iranian nationalism; Mosadeq used this awakened nationalism
 and the desire for independence to keep himself in power and to defy
 Britain. His speeches and programs appealed to social discontent,
 xenophobia, religious fanaticism, and national pride in past glories.
 His enormous gamble on the oil issue, based on his belief that Britain

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and the United States could not afford to support his anti-British, anti-Islamic fanaticism. He was a nationalist, but his nationalism was of the kind that his mind-man National Front opposed every government in power, whether under Sa'ed, Mansur, Basmara, or Ala--and then, once Premier, his single plank was opposition to the British over the oil question.

Mosadeq was antagonistic to the Shah for many reasons: his mother was a Qajar, whose family was overthrown by the Shah's father, the same man that had exiled and then imprisoned him; in addition, he had long believed in constitutional reform to reduce the power of the monarchy. He opposed the army because it had brought Reza Shah to power and was the main source of support for Mohammed Reza Shah; by retiring senior officers and putting in his own Chief of Staff, the young, French-trained Brig. Gen. Taji Riahi, he had obtained a degree of control over the army. But, by so doing, he set the stage for the officer corps to turn against him. His own extreme nationalism, fantasies of omnipotence, and lack of conscience--in manipulating Tudeh, at the risk of it getting out of control as it did in the streets of Tehran on 13 August, were the seeds of his own eventual downfall. But he was a most unusual man, one whose character caught the world's fancy, even as he drove his countrymen toward disaster. At any time in 1951 or 1952 he could have had the same compromise through which his successors gained a nationalized oil industry efficiently run by foreign experts to give Iran the revenue that financed the Shah's White Revolution. He chose to gamble on total victory over Britain, the United States, and the international oil industry--and he lost.

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Born in 1877 in Herat, Afghanistan, he studied at the Military School in Tehran and served during the period of World War I and the postwar period under Feroz Khan, then a colonel in the Cossack Brigade*. As a combat officer, he was decorated for action against assorted bandits and insurgents, including rebellious Kurds, Lurs, and Turkomans. He had become a division commander by 1942, after service as head of the Gendarmerie and the Tehran Police, but he was arrested by the British that year for pro-German activity (his name was found in the papers of Franz Mayer, a principal Nazi agent in Tehran, as an officer who would protect German agents) and deported to Palestine, where he was held until 1945. Despite his arrest and subsequent three years in a detention camp, he did not become fanatically anti-British as did many xenophobic Iranians. Returning to Tehran after the war in 1945, he was given command of the Fars Division and promoted to major general. In 1948, as Inspector General of the army, he was severely injured in a tank accident, losing four ribs, and after 7 months of medical treatment in Germany, some of it by U.S. Army doctors, he was retired in May 1949. The Shah made him his honorary adjutant, and in November 1949 appointed him Director General of the Tehran Police. In April 1951 Zahedi became Minister of Interior in the Ala cabinet and was retained in that post by Mosadeq when he became Premier. He resigned in August 1951, following

* There was a Cossack Brigade in the Persian Army solely because Nasr-ed-Din Shah visited Russia in 1873 and was provided with a Cossack escort by the Czar. The Shah was so impressed by the Cossacks that he asked the Czar to send him Russian officers to organize such a unit in his own army. The Brigade retained Russian senior officers and noncoms until 1920, and as long as it was in existence, it was the best trained and most professional unit in the army.

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the unified front in Iran. The army had to be used to fight in them, with the result that many died and hundreds were wounded, on both sides. He was a prime suspect of the Mosadeq government as a potential coup leader and was briefly arrested in February 1953.

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ARDESHIR ZAHEDI

Born in December 1927, General Zahedi's son, Ardeshtir, was educated at the American University in Beirut and at Utah State University where he earned a BS degree in 1950. Because of his training and language ability, he served with the Rural Improvement Commission which was administering U.S. technical assistance until he was forced to resign in 1952 by Mosadeq. During the planning and operational phases of the coup, he acted as the communications channel to his father and performed very well under difficult circumstances. He was married for a time to the Shah's daughter by Queen Farzina and has never remarried since his divorce. He has retained the Shah's favor and, in fact, introduced the Shah to Farah in May 1959, the girl who later became Queen and mother of the Shah's sons. Ardeshtir was the Iranian Ambassador to the United States in 1960-62 and returned again in April 1973 to the post. In the interim, he was Ambassador to the United Kingdom, 1962-67, and Minister of Foreign Affairs, 1967-71.

MAJ. GEN. NAZR BATMANGELICH

General Batmangeliich (also spelled Batmanqilich or Batmangelij) was born in Tehran about 1905 and educated in Germany, the Iranian Military School, and the German Staff College. He fought in the Luristan and Fars tribal campaigns and was interned by the Allies from August 1943

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MOHAMMAD REZA SHAH PAHLAVI

When Reza Shah died in 1941 at the age of 52 following his father's abdication, Iran was occupied by foreign troops--Soviet, British, and American--and its army was demoralized. He had no solid power base and no political machine, and as a result he spent the first 10 years of his reign in conflict with the traditional political power structure bent on regaining the influence it had lost to Reza Shah. The military coup that ousted Mosadeq in August 1953 was thus a major milestone in the Shah's political life.

Mohammad Reza was born on 26 October 1919; he studied 6 years as a cadet at the Military School of Tehran and then went to Switzerland in 1931 for his secondary education. Returning in 1936, he attended the Iranian Military College, from which he graduated 2 years later as a second lieutenant. His first marriage, in 1939, was to Princess Fawzia of Egypt, sister of King Farug, and a daughter, Shanoz, was the only child of this marriage. Divorcing Fawzia, he married Sorya Esfandiari, a half-German, half-Bakhtiari beauty to whom he was very devoted, but the marriage was childless and the throne needed an heir. After the inevitable divorce, he married Farah Diba in 1959, and Crown Prince Reza was born in 1960, followed by two daughters and Prince Ali Reza, securing the succession of the Pahlavi line.

Although various sources criticized the young Shah as suspicious and indecisive to the point of permanent instability, others saw his strengths. An OSS report in 1943 said:

Mohammad Shah is a man of much stronger purpose than is generally realized. He stands almost alone, distrusts most advisers, is honest in his efforts to secure a democratic form of government for Iran. He is not easily influenced and cannot

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to the fact that the Shah, who is a very intelligent man, has turned against the intellectual interests, sports, and hobbies which he learned from European sources. His mind remains alert and his principles, although often betrayed, retain great similarity to Christian ethics and philosophy. The tragedy in the conflict of this healthy intellect against the vicious Persian scene carries some triumph since the Shah, so far, has not become corrupted.

In 1961, also on the positive side, the U.S. Embassy in Tehran

noted:

It is important to observe that the Shah, in ten years of political wavering, has never turned against the intellectual interests, sports, and hobbies which he learned from European sources. His mind remains alert and his principles, although often betrayed, retain great similarity to Christian ethics and philosophy. The tragedy in the conflict of this healthy intellect against the vicious Persian scene carries some triumph since the Shah, so far, has not become corrupted.

The Shah took the successful coup of 1953 as a popular mandate to seize control of his country from the political factions and the ambitious generals; he has never since allowed them to threaten his position or his program. His hasty flight to Baghdad and Rome was either forgiven or forgotten in the triumph of the movement, and although General Zahedi was often angered by the Shah's vacillation and lack of decisiveness, those very characteristics enabled him to frustrate the volatile Zahedi and eventually bring about his resignation and voluntary exile. Given confidence by the popular support he saw during the coup, he pressed ahead to consolidate his power, carefully controlling political activity, which he has said can be permitted to function freely only after economic and social development have taught the people to act responsibly. His reforms launched in 1962 as the "White Revolution" have accomplished much; without the power and prestige of the throne coupled with the Shah's authoritarianism and determination, the reforms and development probably could not have taken place.

The rapid escalation of oil prices in 1973-74 has enhanced the Shah's prestige as spokesman for the more extreme oil-producing countries, and he

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that must be achieved, if only by the pressure of facts. The situation
has clearly made the Shah a man whom the world listens to, and he
has made the most of it.

[REDACTED]

The world of journalism--ever on the alert for the mote in somebody else's eye--found long ago that the Central Intelligence Agency made great copy. Proceeding on the theory that their readers will believe anything dealing with "spies," "agents," and "the secret world of espionage," a number of writers have told what they insist is the inside story of the CIA involvement in Iran in 1953. A sampling of these is included here, without extensive comment.

[REDACTED]

Andrew Tully, for example, in 'CIA--The Inside Story devotes Chapter 7, "King-Making in Iran" to a version of [REDACTED] most notable for the purple of its flamboyant prose. Some significant passages are:

It was in 1953, of course, that the CIA stage-managed the overthrow of Premier Mohammed Mossadegh, that celebrated compulsive weeper, who had seized Britain's monopolistic oil company and was threatening to do business with the Kremlin. At the time CIA's coup was hailed as a blow for democracy, which it was. But after disposing of Mossadegh, CIA and the State Department reverted once again to a weakness that so often has been disastrous. In the setting up of the new regime, in which CIA took a major part, no consideration was given as to whether the new men had any

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intention of attempting to relieve the misery of the Iranian people. It was enough for the United States that they were anti-Communist.

When Mossadegh announced the expropriation of Anglo-Iranian Oil and nationalization of Iran's oil fields, the international uproar was thunderous. Mossadegh could not do that, and the Western bankers would prove it to him. Iranian oil was virtually boycotted. Mossadegh promptly tried to swing some deals with smaller, independent companies to work the Iranian fields, but the State Department gave these companies little encouragement - which is to say it told them "hands off." Meanwhile, Iran was losing its oil revenues and going broke. Even American financial aid was not enough although the State Department, with understandable reluctance, donated \$1,600,000 for a technical rural improvement program in 1951 and followed that with a foreign aid grant of \$23,000,000 in 1952. Most of the latter was used to make up Iran's foreign exchange shortages, but Iran remained financially unstable.

Meanwhile, CIA learned that Mossadegh was carrying on a clandestine flirtation with Iran's furtive Communist party, the Tudeh. Soviet intelligence agents flocked into the ancient capital of Teheran and the traffic jam between them and Allen Dulles' energetic young men was almost ludicrous. Almost daily, emissaries from the Soviet danced attendance on Mossadegh as he lolled recumbent on his couch, alternately dozing and weeping. Inevitably, the old dictator put it squarely up to President Eisenhower. In a letter received by the President on May 28, 1953, Mossadegh overplayed his hand - he attempted to blackmail the United States by warning that unless Iran got more American financial aid he would be forced to seek help elsewhere.

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elsewhere was the... Mosaddegh suggested... and conclude both an economic agreement... mutual defense pact.

Since Iran otherwise was broke, that meant Mosaddegh would have to pledge the rich Iranian oil fields and the refinery at Abadan, the world's largest, in return for financial assistance from the Soviet. The danger to the West was clear. With Iran's oil assets in its pockets, the Russians would have little trouble eventually achieving a prime object of Russian foreign policy since the days of the Czars - access to a warm water outlet on the Persian Gulf, the free world's life line to the Far East. But even if Russia were to get just Iran's oil, the Western world would be weakened throughout the Middle East and Soviet prestige would soar. It was clear, too, of course, that Anglo-Iranian Oil had a stake of billions of dollars, and when private enterprise of that magnitude is involved State Departments and Foreign Offices are apt to react most sensitively.

The time had come for the United States to embark on an international gamble. CIA reports were that Mosaddegh, although popular with the masses, had never been able to undermine the young Shah with his people. If something were to happen whereby the Shah was able to take over more firmly the reins of government, there was a good chance Mosaddegh could be unseated. In any event, the Shah had a better than even chance of winning any popularity contest with Mosaddegh.

So for a month the White House stalled Mosaddegh, avoiding a direct reply in a welter of polite diplomatic notes seeking further discussions. Then President Eisenhower favored Mosaddegh with a blunt reply: "No." Everybody agreed it was a calculated risk, a gamble that Mosaddegh could be dealt with in such a fashion that he would be powerless to carry out his threat. The CIA forthwith set the wheels in motion for dealing with this tough old man.

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First, on August 11, 1953, the Shah fled to Europe to join his wife for a "holiday" in the Swiss Alps. Although the political situation in Tehran was becoming more ominous, - Mossadeq was conferring daily with a Russian economic mission - United States Ambassador Loy Henderson decided he would like a vacation to Switzerland, too. Almost simultaneously, the Shah's sister, the pretty and tough-minded Princess Ashraf, marched into the royal palace and gave her brother the rough side of her tongue for his hesitancy in facing up to Mossadeq. Then she, too, flew off to Switzerland.

Certainly, the Russian espionage network must have surmised that something was cooking as Dulles, Henderson and Princess Ashraf turned up at the same Swiss resort. Their suspicions were strengthened when an old Middle Eastern hand named Brigadier General H. Norman Schwartzkopf suddenly was discovered in the midst of a leisurely flying vacation across the Middle East. He had been to Pakistan, Syria and Lebanon and, while the Russians fumed, he ultimately turned up in Iran.

The Reds had a right to be fearful, for Schwartzkopf had long been an anathema to the Kremlin. Americans remember him most vividly as the man who ran the Lindbergh kidnapping investigation in 1932, when he was head of the New Jersey State Police. But the world of international politics knew him better as the man who, from 1942 to 1948, had been in charge of reorganizing the Shah's national police force. In this job, Schwartzkopf spent little time tracking down ordinary criminals; he was kept busy protecting the government against its enemies, a job that required the setting up of an intelligence system to keep watch on various political cliques which might seek the Shah's overthrow.

In the process of investigating the
 Schwartzkopf had been in close contact with
 a visitor to the Shah, more important, to
 Major General Ziaollah Zahedi, one of his
 colleagues on the police force. So when
 Schwartzkopf turned up in Teheran in August
 he could explain with a straight face that
 he had come merely "to see old friends again."
 The Russians stormed and protested over his
 presence in Iran but Schwartzkopf went his
 casual way, dropping in to see the Shah one
 afternoon, spending the morning with General
 Zahedi, and renewing contacts with other old
 pals in the police and army.

And suddenly the Shah seemed to have
 located his courage and authority. On
 Thursday, August 13, the Shah handed down a
 ukase that sounded as if it had been written
 in collaboration by Schwartzkopf and Zahedi.
 Mossadegh was ousted as Premier and his
 successor was to be General Zahedi. The
 Shah ordered the colonel of the Imperial
 Guards to serve the notice on Mossadegh, and
 the wheels seemed to be turning.

But for some reason the colonel seemed
 seized by inaction. It was not until two
 days later, on midnight of August 15, that
 the colonel and a platoon of his troops
 showed up at Mossadegh's residence. There
 they found themselves surrounded by an array
 of tanks and jeeps, manned by hard-faced
 Army veterans Mossadegh had rounded up while
 the colonel vacillated.

The colonel, of course, was clapped into
 jail and Mossadegh announced that a revolt
 against the rightful government of Iran had
 been crushed. He also had some unkind things
 to say about the youthful Shah, and Iran's
 king of kings and his queen took the hint
 and hopped a plane for Rome by way of the
 then royally safe country of Iraq.

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Schwartzkopf, 41, told his men to go on the Iranian stage. He took over as paymaster for the Mossadegh-Mustafa clique. Certain Iranians started to get rich, and the word later was that in a period of a few days Schwartzkopf supervised the careful spending of more than ten million of CIA's dollars. Mossadegh suddenly lost a great many supporters.

The climax came on Wednesday, August 19, four days after Mossadegh had "crushed the revolt." The tense capital was filled with troops, mounted against a new uprising, but none of them looked very happy. There seemed no reason for alarm when a long and winding procession of performers appeared on the scene for one of these impromptu parades common in Teheran. In the procession were tumblers, weight-lifters, wrestlers, boxers -- all performing their specialties as they moved slowly along the streets. As usual, crowds flocked out into the streets to watch the show and to follow the parade.

Then, apparently, somebody gave a signal. The weird procession suddenly broke into an organized shouting mob. "Long Live the Shah!" they cried. "Death to Mossadegh." The crowd joined in the shouting, some of them undoubtedly keeping one hand tight against pockets where their American wages were secured. Soon the entire capital was in an uproar, and when the din was at its loudest troops who had remained loyal to the Shah launched their attack.

For more than nine hours the battle raged, with Mossadegh's troops fighting fiercely but gradually giving ground. Obviously, they were confused by the tactics and swift logistical maneuvers of the Shah's forces, who had been exposed to some American who knew the ropes. Anyway, by midnight Mossadegh's soldiers had been driven into a little ring around the Premier's palace and they were forced to surrender. Troops forcing their way into the palace captured Mossadegh as he lay weeping in his bed, clad in silk striped pajamas. Somebody telephoned Rome and the Shah and his queen packed again, to return to Teheran and install Zahedi as Premier.

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This was a coup by the minority of the United States, probably to that of the Western World. It was another case of the United States not requiring tough enough terms in return for its support. It is consoling, as some observers have written, to say that the Iranians overthrew Mossadegh all by themselves. It was an American operation from beginning to end. But at the end, CIA -- and the American government -- stood by while a succession of pro-Western and anti-Communist administrations, uninterested in the smallest social reforms, brought Iran once again to the edge of bankruptcy. And, of course, the American taxpayer has contributed hundreds of millions of dollars to this corruption.

Then, David Wise and Thomas B. Ross in their "explosive bestseller" The Invisible Government provided yet another version, as follows:

1953: Iran

But guerrilla raids are small actions compared to an operation that changes a government. There is no doubt at all that the CIA organized and directed the 1953 coup that overthrew Premier Mohammed Mossadegh and kept Shah Mohammed Reza Pahlavi on his throne. But few Americans know that the coup that toppled the government of Iran was led by a CIA agent who was the grandson of President Theodore Roosevelt.

Kermit "Kim" Roosevelt, also a seventh cousin of President Franklin D. Roosevelt, is still known as "Mr. Iran" around the CIA for his spectacular operation in Teheran more than a decade ago. He later left the CIA and joined the Gulf Oil Corporation as "government relations" director in its Washington office. Gulf named him a vice-president in 1960.

One legend that grew up inside the CIA had it that Roosevelt, in the grand Rough Rider tradition, led the revolt against the weeping Mossadegh with a gun at the head of an Iranian tank commander as the column rolled into Teheran.

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A CIA man familiar with the Iran story characterized this as a "real James Bond operation." "Kim did run the operation from a house in Tehran -- not from our embassy." He added admiringly: "It was a real James Bond operation."

General Fazollah Zahedi,* the man the CIA chose to replace Mossadegh, was also a character worthy of spy fiction. A six-foot-two, handsome ladies' man, he fought the Bolsheviks, was captured by the Kurds, and, in 1942, was kidnapped by the British, who suspected him of Nazi intrigues. During World War II the British and the Russians jointly occupied Iran. British agents, after snatching Zahedi, claimed they found the following items in his bedroom: a collection of German automatic weapons, silk underwear, some opium, letters from German parachutists operating in the hills, and an illustrated register of Tehran's most exquisite prostitutes.

After the war Zahedi rapidly moved back into public life. He was Minister of Interior when Mossadegh became Premier in 1951. Mossadegh nationalized the British-owned Anglo-Iranian Oil Company in April and seized the huge Abadan refinery on the Persian Gulf.

The refinery was shut down; thousands of workers were idled and Iran faced a financial crisis. The British, with the backing of Western governments, boycotted Iran's oil and the local workers were unable to run the refineries at capacity without British techniques.

Mossadegh connived with the Tudeh, Iran's Communist party, and London and Washington feared that the Russians would end up with Iran's vast oil reserves flowing into the Soviet Union, which shares a common border with Iran. Mossadegh, running the crisis from his bed -- he claimed he was a very sick man -- had broken with Zahedi, who balked at tolerating the Tudeh party.

* He died September 1, 1963, at age sixty-seven.

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... and Kim Roosevelt... install Mossadegh. At then thirty-seven, and a veteran intelligence man. He was born in Buenos Aires. His father, the President's second son, was also named Kermit. Kim was graduated from Harvard just before World War II, and he taught history there and later at the California Institute of Technology. He had married while still at Harvard. He left the academic life to serve in the OSS, then joined the CIA after the war as a Middle East specialist. His father had died in Alaska during the war; his uncle, Brigadier General Theodore Roosevelt, died on the beaches of Normandy a year later.

The British and American governments had together decided to mount an operation to overthrow Mossadegh. The CIA's estimate was that it would succeed because the conditions were right; in a showdown the people of Iran would be loyal to the Shah. The task of running the operation went to Kim Roosevelt, then the CIA's top operator in the Middle East.

Roosevelt entered Iran legally. He drove across the border, reached Teheran, and then dropped out of sight. He had to, since he had been in Iran before and his face was known. Shifting his headquarters several times to keep one step ahead of Mossadegh's agents, Roosevelt operated outside of the protection of the American Embassy. He did have the help of about five Americans, including some of the CIA men stationed in the embassy.

In addition, there were seven local agents, including two top Iranian intelligence operatives. These two men communicated with Roosevelt through cutouts -- intermediaries -- and he never saw them during the entire operation.

As the plan for revolt was hatched, Brigadier General H. Norman Schwarzkopf, who used to appear on radio's "Bang Busters," turned up in Teheran. He had reorganized the Shah's

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police found there. He was best known for his involvement in the 1947 baby kidnapping case. He joined the New Jersey State Police in 1942. Schwabkopf, an old friend of Zahedi's, claimed he was in town "just to see old friends again." But he was part of the operation.

On August 13 the Shah signed a decree dismissing Mossadegh and naming Zahedi as Premier. The uncooperative Mossadegh arrested the unfortunate colonel who brought in his notice of dismissal. Mobs rioted in the streets; the thirty-three-year-old Shah and his queen (at that time the beautiful Soraya, fled to Baghdad by plane from their palace on the Caspian Sea.

For two chaotic days, Roosevelt lost communication with his two chief Iranian agents. Meanwhile, the Shah had made his way to Rome; Allen Dulles flew there to confer with him. Princess Ashraf, the Shah's attractive twin sister, tried to play a part in the international intrigue, but the Shah refused to talk to her.

In Teheran, Communist mobs controlled the streets; they destroyed statues of the Shah to celebrate his departure. Suddenly, the opposition to Mossadegh consolidated. The Army began rounding up demonstrators. Early on August 19 Roosevelt, from his hiding place, gave orders to his Iranian agents to get everyone they could find into the streets.

The agents went into the athletic clubs in Teheran and rounded up a strange assortment of weight-lifters, muscle-men and gymnasts. The odd procession made its way through the bazaar shouting pro-Shah slogans. The crowd grew rapidly in size. By mid-morning it was clear the tide had turned against Mossadegh and nothing could stop it.

Zahedi came out of hiding and took over. The Shah returned from exile. Mossadegh went to jail and the leaders of the Tudeh were executed.

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...the aftermath... In August, 1958, an international consortium of Western oil companies signed a twenty-five-year pact with Iran for its oil. Under it, the former Anglo-Iranian Oil Company got 40 percent, a group of American companies* got 40 percent, Royal Dutch Shell got 14 percent and the Compagnie Francaise des Petroles 6 percent. Iran got half of the multimillion-dollar income from the oil fields under the deal, the Anglo-Iranian was assured a compensation payment of \$70,000,000.

The United States, of course, has never officially admitted the CIA's role. The closest Dulles came to doing so was in a CBS television show in 1962, after his retirement from the CIA.¹⁰ He was asked whether it was true that "the CIA people spent literally millions of dollars hiring people to riot in the streets and do other things, to get rid of Mossadegh. Is there anything you can say about that?"

"Well," Dulles replied, "I can say that the statement that we spent many dollars doing that is utterly false."

The former CIA chief also hinted at the CIA's Iran role in his book The Craft of Intelligence. "... support from the outside was given ... to the Shah's supporters," he wrote, without directly saying it came from the CIA.

Magazines did their part as well. In The Saturday Evening Post for 6 November 1954, Richard and Gladys Harkness co-authored an article entitled "The Mysterious Doings of CIA," which appears to have been a key source for both Tully and Wise-Ross. Richard and Gladys said:

* Gulf Oil, Standard Oil of New Jersey and California, The Texas Company and Socony-Mobile.

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Another CIA-influenced plot was the successful overthrow of Iran's premier of 1953, of old, dictatorial Premier Mohammad Mossadegh and the return to power of this country's friend Shah Mohammad Riza Pahlavi.

On May 28, 1953, President Eisenhower received a letter from Mossadegh amounting to a bare faced attempt at international blackmail. ...

The White House stalled Mossadegh for one month; then turned down the crafty premier with a blunt no. This was a calculated risk at last. It was a daring gamble, in fact, that Mossadegh would not remain in power to carry out his threat. It was, as we'll, a situation which required a little doing. The doing began in short order through a chain of stranger-than-fiction circumstances involving [Allen] Dulles, a diplomat, a princess and a policeman.

On August tenth Dulles packed his bags and flew to Europe to join his wife for a vacation in the Swiss Alps. The political situation in Teheran was becoming more conspiratorial by the hour. Mossadegh was consorting with a Russian diplomatic-economic mission. Loy Henderson, United States Ambassador to Iran, felt he could leave his post for a short "holiday" in Switzerland. Princess Ashraf, the attractive and strong-willed brunette twin sister of the Shah, chose the same week to fly to a Swiss alpine resort. It was reported that she had had a stormy session with her brother in his pink marble palace, because of his vacillating in facing up to Mossadegh.

The fourth of the assorted characters in this drama, Brig. Gen. H. Norman Schwartzkopf, at this time took a flying vacation across the Middle East. His itinerary included apparently aimless and leisurely stops in Pakistan, Syria, Lebanon -- and Iran. Schwartzkopf is best known to the public as the man who conducted the Lindberg kidnapping investigation in 1932, when he was head of the New Jersey state police. But from 1942 through 1943 he was detailed to Iran to reorganize the Shah's national police.

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He protected the government against the military. He was a good intelligence officer on the political side, planning against the Shah, knowledge of which army elements could be counted on to remain loyal and familiarity with Middle East psychology. Schwartzkopf became friend and advisor to such individuals as Maj. Gen. Faribollah Zohedi, his colleague on the police force, and the Shah himself.

Schwartzkopf returned to Iran in August of 1953, he said, "just to see old friends again." Certainly the general will deny any connection with the events that followed his renewal of acquaintanceships with the Shah and Zohedi. But as Mossadegh and the Russian propaganda press railed nervously at Schwartzkopf's presence in Iran, developments started to unfold in one-two-three order.

On Thursday, August thirteenth, the Shah suddenly issued a double-edged ukase: Mossadegh was ousted by royal decree and his successor as premier was to be General Zohedi. The Shah ordered the colonel of the Imperial Guards to serve the notice on Mossadegh. Two days later, at midnight of Saturday, August fifteenth, the colonel went to Mossadegh's residence to find himself and his platoon surrounded by tanks and jeeps. The colonel was clapped in jail, and Mossadegh proclaimed that the revolt had been crushed. The Shah and his queen, taking events at face value fled to Rome by way of Iraq.

On Wednesday, August nineteenth, with the army standing close guard around the uneasy capital, a grotesque procession made its way along the street leading to the heart of Teheran. There were tumblers turning handsprings, weight lifters twirling iron bars and wrestlers flexing their biceps. As spectators grew in number, the bizarre assortment of performers began shouting pro-Shah slogans in unison. The crowd took up the chant and then, after one precarious moment, the balance of public psychology swung against Mossadegh.

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On a signal, the British forces on the Shah's side began an attack. The fighting lasted a matter of nine hours. By daylight, following Mexican-style military strategy and logistics, loyalist troops drove Mossadegh's elements into a tight cordon around the premier's palace. They surrendered, and Mossadegh was captured as he lay weeping in his bed, clad in striped silk pajamas. In Rome a bewildered young Shah prepared to fly home and install Zohedi as premier and to give Iran a pro-Western regime.

Thus it was that the strategic little nation of Iran was rescued from the closing clutch of Moscow. Equally important, the physical overthrow of Mossadegh was accomplished by the Iranians themselves. It is the guiding premise of CIA's third force that one must develop and nurture indigenous freedom legions among captive or threatened people who stand ready to take personal risks for their own liberty.⁴⁵

More than a year later, Crosby Noyes, writing in the Washington Star for 27 September 1953, discussed obliquely the significance of Ambassador Henderson, CIA Director Dulles, and Princess Ashraf being in Zurich the same week in August, and mentioned General Schwarzkopf's visit in detail. Without making any direct accusations, he hinted: "It is possible that the CIA agents whose departure from Iran was observed and reported were on purely routine intelligence missions. It is possible -- as a leading columnist has suggested -- that Mr. Henderson's trip to Switzerland was no more than a 'policy of studied indifference' on the part of the State

⁴⁵ Richard and Gladys Harkness, "The Mysterious Doings of CIA." The Saturday Evening Post, November 6, 1954, pp. 65-68. Reprinted by special permission of The Saturday Evening Post. © 1954 The Curtis Publishing Company.

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Department toward the Mossad's office. A friend of the Princess Ashraf, here in Washington, holds stoutly to the view that her visit with the Shah was undertaken simply to ask him for money. It is possible that Allen Dulles is genuinely fond of mountain-climbing and that Gen. Schwarzkopf just happened to show up in Teheran at a critical moment.

"It is all perfectly possible. But as long as the practice of putting two and two together continues, the argument about what really happened in Iran last summer seems likely to continue."

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NATIONAL INTELLIGENCE ESTIMATE

PROBABLE DEVELOPMENTS IN IRAN
THROUGH 1953

NIE-75/1

Published 9 January 1953

The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The Intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. This estimate, NIE-75/1, incorporates certain amendments to the Conclusions of NIE-75 made by the IAC on 11 December. It therefore supersedes NIE-75, which was published 13 November 1952.

All members of the Intelligence Advisory Committee concurred in this estimate on 2 January 1953.

CENTRAL INTELLIGENCE AGENCY

Approved for Release
Date 23 JAN 1986

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PROBABLE DEVELOPMENTS IN IRAN THROUGH 1953

THE PROBLEM

To estimate probable future developments in Iran through 1953.

CONCLUSIONS

1. The Iranian situation contains so many elements of instability that it is impossible to estimate with confidence for more than a few months. On the basis of present indications, however, it appears probable that a National Front government will remain in power through 1953, despite growing unrest. The government has the capability to take effective repressive action to check mob violence and Tudeh agitation and will probably continue to act against specific challenges of this sort as they arise. The government is likely to retain the backing of the Shah and control over the security forces.

2. Even in the absence of substantial oil revenues and of foreign economic aid, Iran can probably export enough to pay for essential imports through 1953, unless there is a serious crop failure or an unfavorable export market. The government probably will be able to obtain funds for its operation. Some inflation will occur. Capital development will be curtailed, and urban living standards will fall. However, we do not believe that economic factors, in themselves, will result in the overthrow of the National Front in 1953.

3. Under these circumstances, the Communist Tudeh Party is not likely to develop the strength to overthrow the National Front by constitutional means or by force during the period of this estimate. Although the danger of serious Tudeh infiltration of the National Front and the bureaucracy continues, Tudeh is also unlikely to gain control by this means during 1953. Nevertheless, unexpected events, such as a serious crop failure or a split in the National Front as a result of rivalry among its leaders, would increase Tudeh capabilities greatly. And if present trends in Iran continue unchecked beyond the end of 1953, rising internal tensions and continued deterioration of the economy and of the budgetary position of the government are likely to lead to a breakdown of governmental authority and open the way for at least a gradual assumption of control by Tudeh.

4. Settlement of the oil dispute with the UK is unlikely in 1953.

5. During 1953 Iran will attempt to sell oil to other buyers, both in the Soviet Bloc and the West. Shortage of tankers will limit sales to the Soviet Bloc to token amounts. Small independent Western

oil companies will probably not buy significant quantities of oil. We estimate that major Western oil companies will not be willing to make an agreement with Iran so long as the current legal, economic, and political obstacles exist. Nevertheless, some moderate-sized oil companies are becoming restive, and it is possible that combinations for the purchase and transport of substantial quantities of Iranian oil may be made unless there is direct and strong objection by the US Government. The British would probably regard any arrangement between US oil companies and Iran, in the absence of British concurrence, as a serious breach of UK-US solidarity.

6. Kashani or possibly another National Front leader might replace Mossadeq during 1953. Any successor would probably be forced to resort to ruthless tactics to eliminate opposition. In his struggle to eliminate his opposition and particularly if he failed to do so, Tudeh influence and opportunities for gaining control would increase rapidly.

7. The Mossadeq regime almost certainly desires to keep US support as a counterweight to the USSR and appears to want

US economic and military assistance. Nevertheless, there will probably be an increasing disposition to blame the US, not only for Iran's failure to sell substantial amounts of oil or to obtain an oil settlement, but also for Iran's financial and economic difficulties.

8. Therefore, the US Point Four and military missions are likely to find it even more difficult to operate during 1953 than at present. They would probably be placed under severe restrictions if Kashani or other extremists came to power. However, neither the Mossadeq Government nor a successor National Front regime is likely to expel these missions during 1953.

9. The USSR appears to believe that the Iranian situation is developing favorably to its objectives. We do not believe that the USSR will take drastic action in Iran during 1953 unless there is a far more serious deterioration of Iranian internal stability than is foreseen in this estimate. However, the USSR has the capability for greatly increasing its overt and covert interference in Iran at any time, to the detriment of US security interests.

DISCUSSION

INTRODUCTION

10. Events since the nationalization of oil in 1951 have profoundly changed the political climate in Iran. The political forces which brought Mossadeq and the National Front to power are powerful and lasting. The Shah and the formerly dominant landowning class have lost the political initiative, probably permanently. Nevertheless, the coalition of urban nationalists and religious zealots which Mossadeq heads has no agreed program for the future, being united primarily by a com-

mon desire to rid the country of foreign influence and replace the traditional governing groups. The ability of the National Front to remain in power, as well as Iran's ultimate role in the East-West conflict, will depend in large measure on the National Front's success in working out solutions to the serious social, political, and economic problems which will confront it during the next year.

11. Although unrest in Iran derives from a complex of factors extending far beyond the oil dispute with the UK, this dispute none-

theless has become the focal point of political activity. Mossadeq rode to power on the issue of nationalization of oil, and his present political strength derives largely from his continued defiance of the UK.

PROSPECTS FOR A NEGOTIATED OIL SETTLEMENT

12. *British Attitude:* We believe that the UK will almost certainly continue to insist that there be some form of neutral arbitration of the amount of compensation for the seizure of Anglo-Iranian Oil Company properties even though nationalization *per se* is no longer an issue. The UK will probably also continue to resist making payments against Iranian claims without first obtaining firm Iranian commitments to follow through with a settlement.

13. In taking this stand, the UK is motivated primarily by considerations of prestige and precedent. The Conservative government would face strong political opposition at home if it agreed to Mossadeq's present terms. Perhaps more important, the British feel that capitulation to Iran would threaten their own and the Western position generally in other parts of the Middle East. Meanwhile, the British feel under no immediate compulsion to make a settlement with Mossadeq. In the first place, increased production in other areas has already made up for the loss of Iranian crude oil production, although the refining capacity at Abadan has not been fully replaced. Secondly, although the UK believes that lack of oil revenues will result in progressive economic and political deterioration in Iran, it does not appear to regard a Communist takeover in Iran as imminent.

14. Moreover, the British are not likely to be induced to make greater concessions to Iran by the prospect of Iran's selling oil in the absence of a settlement with AIOC. The UK probably believes that in the absence of an agreement between Iran and a major US oil company, it can continue to exert economic pressure on Iran and prevent the shipment and sale of significant quantities of Iranian oil in world markets. The British would probably regard such an agreement, in the

absence of British concurrence, as a serious breach of UK-US solidarity.

15. *Iranian Attitude:* Although the Mossadeq Government desires and needs revenues from the sale of oil, its attitude toward the oil dispute is conditioned largely by political considerations. The National Front has manipulated oil nationalization into such a powerful symbol of national independence that no settlement would be acceptable unless it could be presented to the Iranian public as a clear political victory over the UK. Mossadeq has been under growing pressure from extremists such as Kashani who maintain that Iran's oil resources are a curse rather than a blessing and that Iran should reorganize its economy to avoid dependence on oil revenues. On the other hand, Mossadeq's strength with other elements in the National Front has depended largely on his continued success in persuading the Iranian people that he is doing his best to restore oil revenues but that he is being blocked by British intransigence, injustice, and greed. Whether or not Mossadeq has the political strength and prestige to persuade the Iranian public to agree to an oil settlement on terms which the UK could accept, his performance to date provides no indication that he desires to or will do so. On the contrary, he has made successively greater demands for British concessions.

16. We believe, therefore, that a negotiated oil settlement during the period of this estimate is unlikely.

PROBABLE DEVELOPMENTS IN THE ABSENCE OF A NEGOTIATED SETTLEMENT

The Oil Problem

17. Despite the severance of diplomatic relations with the UK, Iran will probably be receptive during the coming year to further proposals for a settlement of the oil dispute. For political as well as economic reasons it will also make every effort to sell oil to other buyers, both in the Soviet Bloc and the West. It will avoid entering into any agreements which could be construed as violating Iran's sovereignty or its control of the oil industry.

18. It is unlikely that Iran will sell significant quantities of oil during 1953 unless it can make arrangements with a major Western petroleum distributing firm or a combination of moderate-sized firms. Although it is likely to sign further trade agreements with Soviet Bloc countries calling for delivery of Iranian oil, the extreme shortage of tankers available to the Soviet Bloc will restrict shipments to token amounts. It also is unlikely to sell financially significant quantities of petroleum to small independent Western oil companies in view of the difficulties which these companies would have in chartering the necessary tankers and in breaking into established markets. We estimate that major Western oil companies will not be willing to make an agreement with Iran so long as the current legal, economic, and political obstacles exist. Nevertheless, some moderate-sized oil companies are becoming restive, and it is possible that combinations for the purchase and transport of substantial quantities of Iranian oil may be made unless there is direct and strong objection by the US Government.

19. Barring an agreement with a major Western concern or combination of moderate-sized firms, Iran will not realize sufficient revenue from oil to alleviate appreciably either the government's fiscal problem or the nation's economic difficulties. The principal effect of such limited sales would be political. They would enhance Mossadeq's prestige by enabling him to claim success in defying the UK and to claim that his government was making progress toward restoring oil revenues.

Economic and Financial

20. To date the loss to Iran of oil revenues does not appear to have been directly reflected in reduced consumption levels, although investment has been slowed. Wholesale prices and the cost of living index have risen very little since early 1951. Since the beginning of 1952, there has been some drop in real income and business activity, and a corresponding rise in unemployment, mainly because of the postponement of government disbursements under budgetary pressure.

21. Until mid-1952, the government financed its deficits mostly by selling government assets to the government-controlled Bank Melli and borrowing from semi-public institutions. By mid-1952, the government had exhausted nearly all its gold and foreign exchange holdings except for the legal minimum required as backing for the currency. Since mid-1952, the government has been meeting its deficit, currently running at 300,000,000 rials a month, principally through unsecured loans from the Bank Melli.

22. Mossadeq is not likely to make substantial reductions in government expenditures. Although he at one time considered reducing the armed forces budget, more recently he appears to have realized the importance of these forces in maintaining order throughout the country. He cannot afford to stop payments to the unemployed oil workers at Abadan. Although he may attempt to resettle some of those workers in other areas, he will be reluctant to do so as long as there is a possibility of reviving the oil industry. Mossadeq may, in fact, be forced to increase government expenditures. To provide, for example, working capital for factories and to finance the small economic development projects already under way. Moreover, he must find funds for relief during the slack winter months, when some unemployed agricultural and construction workers customarily migrate to the cities.

23. Prospects for increasing government revenues during 1953 are slight. The only significant sources of increased tax revenue are the wealthy landlords and capitalists. Although Mossadeq has the authority and will probably make greater efforts to tap these sources, perhaps in some cases by outright confiscation, even full exploitation of these sources would not eliminate the government deficit. On the basis of recent experience, further bond issues are not likely to raise adequate amounts.

24. In the absence of foreign aid during 1953, therefore, the government will probably resort increasingly to deficit financing, primarily by unsecured loans from the Bank Melli.

and by increasing the amount of currency in circulation. The government may also resort to confiscation of property and the sale of government stocks, such as opium and rice.

25. Iran's imports will continue to decline. Although exports are expected to be slightly higher than the 1951-1952 level, they will be sufficient to meet only about one-half Iran's imports prior to the oil dispute. In view of the near exhaustion of foreign exchange holdings, imports will have to be reduced to approximately this level, thus contributing to inflationary pressures and causing some reduction in urban business activity. Reducing imports will cause sharp reductions in the availability of luxury goods and some reductions in capital goods during 1953, but is not expected to deprive Iran of essential imports. There will also be a trend toward barter agreements, and the already substantial Iranian trade with the Soviet Bloc will tend to increase.

26. The net results of the financial and economic steps likely to be taken by the government during 1953 will probably be: price increases of perhaps as much as 20 to 30 percent; some reduction in living standards in the cities; a substantial increase in the national debt; a reduction of privately held and government stocks; and further postponement of the government's own economic development program. A continuing low level of capital goods imports will lead to some deterioration of Iran's physical plant; at the same time, upward pressures on the price level, arising in large part from government deficits and declining public confidence, will bring nearer the danger of runaway inflation. Moreover, the government will have little margin of safety for coping with such unanticipated eventualities as a serious crop failure. Although we do not believe that these developments, singly or collectively, are likely in themselves to cause the overthrow of the National Front in 1953, a continuation of these trends beyond 1953 will have a serious effect on political stability.

Political

27. The principal internal political problems facing a National Front regime will be to retain popular support, to preserve unity in the National Front, and to maintain the morale and effectiveness of the security forces.

28. During 1953 the dispute with the UK will gradually become less effective as an instrument for rallying popular support behind the government. As the economic effects of the loss of oil revenues become more noticeable, the government will be under greater pressure from large property owners to restore oil income. Tudeh and the more radical elements in the National Front will increase their demands for social and economic improvements. In response, the National Front government will probably attempt a more vigorous enforcement of agrarian and labor legislation. Enforcement will be haphazard and will require increased use of force. The agrarian program will be bitterly opposed by some landlords, and clashes between peasants and landlords are likely to increase.

29. The illegal Tudeh Party will continue to profit from the gradual economic deterioration that will take place during 1953 and from the haphazard enforcement of the government's program for social and economic improvements. The party will continue its efforts to weaken and divide the National Front, will attempt to instigate riots and disorders by peasants and urban workers, and will intensify its propaganda against the US and the Shah. It will probably make some further progress in infiltrating the National Front and some government agencies. However, the government has the capability to take effective repressive action to check mob violence and Tudeh agitation. It has recently outlawed strikes and will probably continue to act against specific Tudeh challenges to its authority as they arise. We believe that Tudeh will not be granted legal status during 1953 and that it will not develop sufficient strength to gain control of the government by parliamentary means or by force. There is serious continuing danger of Tudeh infiltration of the National Front and the gov-

ernment bureaucracy, but we believe that Tudeh will not be able to gain control of the government by this means during 1953.

30. To maintain itself in power, the government will rely increasingly on the security forces. As stated above, the government can and probably will avoid substantial reductions in the military budget. Recent changes in the high command are not believed to have significantly reduced the morale and effectiveness of the security forces. These will probably remain loyal to the government and if given explicit orders will probably be capable of maintaining order except in the unlikely event of simultaneous nation-wide riots and disturbances. We do not believe that the Tudeh Party will develop sufficient strength during 1953 to instigate disturbances beyond the capability of the security forces to control.

31. Mossadeq will probably continue to benefit from the inability of the opposition to unite or exert effective power. In the past, Mossadeq has shown great skill in isolating his opponents and attacking them one by one. He is likely to continue those tactics and to adopt progressively forceful measures against the opposition. The Majlis has granted him authority to rule by decree until mid-February, and we believe he will be able to have this power extended if he considers it necessary.

32. It seems probable that the National Front will remain in power during 1953. It is likely to retain the backing of the Shah and control over the security forces. The groups opposing the National Front are not likely to have the strength or unity to overthrow it. However, we are unable to estimate with confidence whether Mossadeq himself will remain in power during 1953. Kashani, Mossadeq's strongest potential opponent, will probably continue to exert a strong influence on Mossadeq and consequently will probably prefer to remain in the background while Mossadeq continues to shoulder responsibility. On the other hand, Kashani is building up his own political strength and might, should he so

desire, be able to oust Mossadeq by parliamentary means during 1953.

33. Kashani would also be the probable successor to Mossadeq in the event of the latter's death. Regardless of how Mossadeq is replaced, Kashani or any other National Front successor could not be assured of the support of all the diverse elements of the National Front. Any successor regime would, therefore, be likely to resort to ruthlessness to destroy opposition. In its struggle to do so, and particularly if it failed to do so, Tudeh influence and opportunities for gaining control would increase rapidly.

34. If present trends in Iran continue unchecked beyond the end of 1953, rising internal tensions and continued deterioration of the economy and of the budgetary position of the government might lead to a breakdown of government authority and open the way for at least a gradual assumption of control by Tudeh.

PROBABLE DEVELOPMENTS IF THE UK AND IRAN REACH AGREEMENT ON THE OIL QUESTION

35. If the Iranian Government reached an oil settlement with the UK — no matter how favorable to Iran — it would almost certainly be confronted with violent demonstrations in urban centers by the Tudeh Party and probably by extremist elements in the National Front. There would also be immediate danger of Tudeh sabotage of oil installations. However, the government would almost certainly have the backing of the Shah, the security forces, and the more moderate National Front elements and would probably be able to suppress these disturbances. The resumption of large-scale oil exports would go far toward easing the government's budgetary difficulties and would enable it to take steps to increase the supply of goods and reduce inflationary pressures, and to expand its economic development program. Nevertheless, anti-foreign sentiment, particularly against the UK, would remain strong, and even with substantial oil revenues the government would still have great difficulty in dispelling the antagonisms aroused between landlords

and peasants and between the "haves" and "have nots," which would continue to be a major cause of instability.

PROBABLE DEVELOPMENTS IF IRAN SELLS SUBSTANTIAL QUANTITIES OF OIL WITHOUT BRITISH CONCURRENCE

36. If Iran were to succeed in making a contract for the continuing sale of substantial quantities of oil to a major Western oil company without having reached a settlement with the UK, the economic effects would be substantially the same as those described in paragraph 35 above. Tudeh reaction would almost certainly be violent, and there might be some opposition from extremist elements in the National Front. In any event, the government could suppress any disturbances that might arise and its prestige would be considerably enhanced. Basic causes of instability would remain, but the government would be in a stronger position to arrest the trend toward eventual Tudeh control.

IRANIAN RELATIONS WITH THE US AND USSR

37. The Mossadeq regime will probably continue its pressure on the US to persuade the UK to agree to Iranian terms in the oil dispute and will be quick to criticize any signs of what it considers US support for the UK. It will also continue to request financial assistance, arguing that the withholding of US aid increases the danger of ultimate Tudeh control.

38. The Mossadeq regime will not wish completely to alienate the US. Mossadeq almost certainly desires US support as a counterweight to the USSR and he appears to desire US economic and military assistance. Nevertheless, as internal tensions mount, there will be an increasing tendency to blame the US, not only for the failure to restore substantial oil revenues, but also for Iran's financial and economic difficulties. The US military and Point Four missions in Iran may therefore find it even more difficult to operate during 1953 than at present.

39. Kashani or other extremist National Front leaders who might succeed Mossadeq

would probably be more opposed than the Mossadeq regime to the exercise of US influence in Iran and would probably place greater restrictions on US missions in Iran. However, their recognition of the need of US support to counter Soviet pressure and their acknowledgment of the value to Iran of Point Four aid would probably check any inclination they might have either to terminate Point Four aid or to expel the military missions.

40. Iran's official relations with the USSR will probably remain cool and guarded. Although both governments will seek to increase trade between Iran and the Soviet Bloc, the National Front will almost certainly avoid any action which would subject Iran to Soviet domination. On the other hand, it will not wish to destroy the USSR's value as a counterweight to the West. In the UN, Iran will probably take a neutralist, anti-colonialist position and support any attempt to establish a neutral Arab-Asian bloc.

41. For its part, the USSR appears to believe that the Iranian situation is developing favorably to its objectives. While continuing its support of Tudeh and its violent radio attacks on the government and the Shah, the Soviet Union is unlikely to take any drastic action to influence the Iranian situation during 1953 except in the unlikely event of a far more serious deterioration of Iranian internal stability than is foreseen in this estimate.

42. The USSR, however, has the capability for greatly increasing its interference in Iran at any time, to the detriment of US security interests. Its capabilities include: greatly increased support of disaffection and subversion in Azerbaijan, including the infiltration of Soviet Azerbaijanis; greatly increased financial support for Tudeh; offer of economic and financial inducements to Iran; stirring up of the Kurds; and heavy pressure for the removal of the US missions, legalization of Tudeh, and removal of legal bans on the Tudeh press. The USSR would probably refrain from use of Soviet armed forces in Iran, because of the possible global consequences of such intervention. Soviet intervention short

[REDACTED]

of the use of Soviet armed forces would probably not result during 1953 in the direct overthrow of the Iranian Government or the detachment of Azerbaijan but could have a seriously adverse effect on the stability and integrity of Iran and on US security interests there.

43. Negotiations on the future of the USSR's Caspian Sea Fisheries concession, which expires 31 January 1953, may provide an indication of a change in Soviet-Iranian relations, although both Iran and the USSR will probably confine themselves at most to hard bargaining.

[REDACTED]

1-0495

TAB C. EXAMPLE OF SOVIET PROPAGANDA ALLEGING THE PAYMENT OF CIA MONEY
FOR THE 1953 COUP IN IRAN

Tully says in Chapter 7 that "more than 10 million of CIA's
dollars were paid for the 1953 coup in Iran." The attached
responds to the request for an example of such a statement
in Soviet propaganda.

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Date OCT 1992

ATTCH TO
1-0495

Following is an extract from the Soviet pamphlet CAUGHT IN THE ACT-- Facts About U.S. Espionage and Subversion Against the USSR, published by Soviet Information Bureau, Moscow, 1960, page 131:

CIA agents played a big role in the overthrow of the Mossadegh government in Iran.

The CIA leaders were so happy over the success of the military coup d'etat in Iran that they allowed some information about the role of the American secret service in this event to leak into newspapers. As the American Saturday Evening Post wrote in its issue of November 6, 1954, the U.S. intelligence centre in charge of the plot against Mossadegh was in Switzerland. Shortly before the overthrow, the centre was visited by Allen Dulles, allegedly on his vacation, who was later joined by Loy Henderson, U. S. Ambassador to Iran, and some people from among the Shah's entourage. When before the overthrow the Iranian Shah left his country, he stayed in Rome so as to be nearer to the headquarters of the conspiracy. In Teheran, the preparations were supervised by General Norman Schwarzkopf who had been an American adviser to the Iranian Government for some time. According to the American press, the CIA spent some 19 million dollars to bribe the officers who were to perpetrate the plot.

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SECURITY INFORMATION

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CENTRAL INTELLIGENCE AGENCY

24 August 1953

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SUBJECT: FE-49: THE CURRENT OUTLOOK IN IRAN

THE PROBLEM

To estimate the current situation and the short-term outlook in Iran.

ESTIMATE

1. On the basis of present indications, we believe that the new government of Iran will consolidate its control over the country. However, the alignment of forces in the present crisis and the character of the new government are not yet clear enough to permit a firm estimate of future developments.

2. The security forces appear to be responding to the appeal of the Shah's authority and the will of the crowd, and the relatively few confirmed pro-Mosbadeh men within the top command have thus far either accepted the change or been removed. (Before complete control of the army can be assured, however, it will be necessary to examine

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the loyalty of key military personnel and possibly to undertake a wide-spread reshuffling of key military assignments.) Mossadeq himself has surrendered, and the relatively small organized groups which were loyal to him to the end are not at present in a position to stir up serious resistance. The tribes, many of which appear to have backed the Shah against Mossadeq, have thus far remained quiet except for minor action by the Qashqai.

3. The new pro-Shah government will probably enjoy a wide degree of support, at least initially. Despite the enormous popularity and prestige which Mossadeq won through his achievement of oil nationalization, he failed to develop a large organized body of loyal followers. As time went on he clashed with and lost the support of most of the important political figures in Iran, including Kashani and other leading members of the original National Front. His popular appeal also weakened, in part because of his failure to solve the oil question, but more because of his increasingly violent attacks on the Shah, his dictatorial actions, and his open collaboration with Tudeh. He was able to survive mainly because of his control of the machinery of government, his own indomitable personality, and Tudeh's assistance. At the end the mob played an important and possibly critical role in his downfall. Although many Iranians will regret the downfall of Mossadeq and will thus provide a source of future opposition to the

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new regime, most of this group will probably acquiesce at least temporarily in the change.

4. The new government will be opposed by the Communist Tudeh Party, whose support of Mossadeq in recent months was motivated in large part by the desire to prevent the "counter-revolutionary" forces around the Shah from regaining the ascendancy. Although Tudeh is capable of creating various local disorders, it is not now capable of effectively battling the security forces, which will almost certainly take strong action against it. Moreover, as the new government strengthens its control over the armed forces, this Tudeh capability will progressively decrease. In addition, the resurgence of anti-Communist, pro-Shah sentiment in the last few days has caused Tudeh to lose a great deal of the popular support it manifested in recent months. We consider direct Soviet military intervention in support of Tudeh to be extremely unlikely.

5. In consolidating its control, the new regime will have the difficult task of establishing and maintaining working arrangements with the various elements which agitated for Mossadeq's downfall. Although General Zahedi will probably seek to be a strong premier, his early announcements have laid great stress on the re-establishment of constitutional government under the Shah. In any event, he will have to work out compromises on patronage and policy among such

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divergent elements as the military leadership, violent and unreliable ultranationalists like Kashani and Baghai, and old guard conservative landowners. Moreover, the Shah has never backed any of his previous prime ministers consistently, and Zahedi may have difficulty in retaining his active support.

6. Iran's over-all economic situation, though depressed, is not immediately critical. However, the financial condition of the government is precarious. While the new government could continue to meet its current financial deficits by the printing of additional currency and by other devices used by Mossadeq, the use of such methods was one of the reasons for the decline in confidence in the Mossadeq regime. Moreover, the Shah's statement of 23 August, in which he announced Iran's bankruptcy and condemned Mossadeq's unorthodox financial practices, highlights Iran's financial problems and makes it even more difficult for the regime to use Mossadeq's methods to meet its financial difficulties. The new regime is likely to face general disillusionment and a possible serious loss of support if it fails within the next few weeks to come forward with proposals which give promise of a substantial improvement in the financial position of the government.

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7. Zahedi, in attempting to formulate policy, will certainly be affected by the considerations noted in the preceding paragraphs. In addition, he will seek to avoid suspicion that he is betraying Iranian nationalism and guard himself against accusations that he is a puppet of foreign interests. In general, however, the government will probably operate along the following lines:

- a. The pro-Shah government clearly expects an easing of the US attitude toward Iran now that Mossadeq has been deposed. It appears to be on the verge of following up the Shah's statement of 23 August with a specific appeal for emergency US aid in meeting the financial difficulties which now confront it, and will probably seek additional US developmental aid as well. Although it will wish to avoid the appearance of subservience to the US and would probably refuse any defense commitment, it may also seek additional military aid. It almost certainly expects US cooperation and assistance in solution of its oil problem.
- b. It will almost certainly seek a resolution of the oil dispute and be easier than Mossadeq to deal with.

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However, both on grounds of principle and for fear of ultranationalist objection, it will probably refuse to accept the settlement terms advanced by the British last spring and will almost certainly reject any restoration of British control over oil operations within Iran.

- c. It will probably maintain a vigorous anti-Communist attitude at home, and while anxious to clear up outstanding differences with the USSR, is unlikely to make major concessions to do so.

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PROBABLE DEVELOPMENTS IN IRAN
THROUGH 1954

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Approved 10 November 1953

Published 16 November 1953

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The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff.

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PROBABLE DEVELOPMENTS IN IRAN THROUGH 1954

THE PROBLEM

To estimate probable developments in Iran through 1954.

CONCLUSIONS

1. Relatively moderate governments are likely to continue in Iran through 1954, although hampered by: (a) the indecision of the Shah; (b) the irresponsibility of the diverse elements making up the Iranian political community; and (c) the unruliness of the Majlis. The chances that Zahedi himself will remain prime minister through 1954 are not good.
2. Few significant steps toward the solution of Iran's basic social, economic, and political problems are likely to be taken during the period of this estimate. The effectiveness of the government will largely be determined by its success in dealing with Iran's immediate fiscal and monetary problems and in making some apparent progress towards settlement of the oil dispute. An early and satisfactory oil settlement is unlikely. Without further outside financial aid, an Iranian government probably would manage to cope with its immediate fiscal and monetary problems by resorting to deficit financing and other "unorthodox" means. Under such circumstances, it would encounter — and with difficulty probably keep in check — mounting pressures from extremist groups.
3. The security forces, which are loyal to the Shah, are considered capable of taking prompt and successful action to suppress internal disorders and recurrent rioting if provided timely political leadership. This capability will continue if, during the period of this estimate: (a) security forces receive adequate financial support; (b) differences between the Shah and top level leaders over control of the security forces are not seriously aggravated; and (c) strong public opposition to the regime does not develop.
4. Tudeh's capabilities do not constitute a serious present threat to the Iranian Government, and the Tudeh Party will probably be unable to gain control of the country during 1954, even if it combines with other extremist groups. It will retain a capability for acts of sabotage and terrorism.
5. Iran will attempt to maintain friendly relations with the USSR, but will almost certainly resist any Soviet efforts to increase its influence in Iran's internal affairs.
6. Failure to receive continued financial aid from the US or an acceptable oil settlement will probably result in a government coming to power which will be less friendly to the US than the present one.

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DISCUSSION

I. PRESENT SITUATION
Political and Military

7. The overthrow of the Mossadeq government on 19 August 1953 checked the drift in Iran toward Communism and isolation from the West. The authority of the Shah has been reasserted, and a moderate government under General Zahedi is in power. This government is committed to maintaining the constitutional position of the monarchy and the parliament, suppressing the Communist Tudeh Party, and launching an economic development program predicated on settlement of the oil dispute. The accession of Zahedi to power has eliminated neither the economic and social problems which have long plagued Iran, nor the weaknesses and inadequacies of the Iranian political system.

8. The armed forces are loyal to the Shah, who has taken prompt action to re-establish himself as commander-in-chief in fact as well as in theory. The morale of the security forces has improved, and they can be expected to respond promptly in support of the government if given timely political leadership.

9. Increasing friction and uncertainty are developing within the Imperial General Staff because of the Shah's tendency to by-pass Zahedi on military matters and because of mutual efforts of Zahedi and Chief of Staff Batmangelich to undermine each other and place their own men in key positions. Although political maneuvering to this degree is unusual, even in the Iranian high command, there is no evidence that it has as yet impaired the effectiveness of the security forces.

10. The Zahedi government has taken vigorous action against the Tudeh Party. The party's organization has been at least temporarily disrupted, and many of its most active members have been arrested. Most of the known Tudeh members and sympathizers who had infiltrated government agencies have been purged. The Tudeh Party has also lost much of its popular support. Its immediate capabilities for exerting pressure on the gov-

ernment are limited, even if current efforts to obtain the cooperation of die-hard nationalist and extremist groups are successful. Tudeh retains, however, a capability for acts of sabotage and terrorism.

11. Outside the security field, the Zahedi government has made little progress. The Majlis has lacked a quorum since the withdrawal of pro-Mossadeq members in the summer of 1953. Hence the government is presently unable to obtain legislation needed to carry out its announced program. Moreover, the regime has reached no firm decision on how and when to reconstitute a functioning legislature. Although the Shah and Zahedi agree on the necessity of holding elections, they apparently fear that new elections may cause a resurgence of extremist sentiment, are uncertain how to insure the election of a manageable Majlis, and have not yet definitely scheduled the holding of elections.

12. Meanwhile, the government has done little to strengthen its political position in preparation for new elections. Zahedi has enlisted few if any real allies among the politicians formerly associated in opposition to Mossadeq. The present cabinet is dominated by members of the old ruling class, many of whom have little genuine sympathy for reform, command little political support, or are suspect because of former identification with the British. Zahedi himself has had little success in convincing the public that he will not compromise the basic objectives of the National Front, especially with respect to oil nationalization. Finally, the strength and standing of the Zahedi government is being impaired by friction between Zahedi and the Shah.

13. These developments have hastened the breakup of the loose array of politicians aligned against Mossadeq and have encouraged an early revival of factionalism and intrigue. Public criticism of the government and preliminary maneuvering to undermine Zahedi are already beginning to emerge. Nationalist and extremist elements are most active in these respects. However, National

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Front leaders who supported Mossadeq until the end are still publicly discredited, and open opposition to the government in other quarters is not united. The government's strained relations with the Qashqai tribes, which have been traditionally hostile to the present dynasty and were closely associated with Mossadeq, are under present circumstances an irritant rather than a major threat.

Economic

14. The Zahedi government faces serious budgetary and monetary problems. Mossadeq's oil policy resulted in reduction of public revenues by about a third, and he was able to meet government operating expenses and keep the oil workers paid only by curtailing the development program, reducing the level of imports, depleting the government's financial reserves, and illegally expanding the currency. Zahedi has thus been left with a depleted treasury and a sizeable operating deficit. The emergency grant of \$45 million extended by the US soon after Zahedi took office will enable him to meet current operating expenses until about February or March of 1954, provided that the government takes effective steps to cope with its conversion problem.

15. Zahedi will also have to contend with economic dissatisfactions engendered or aggravated by Mossadeq's economic policies. Because of a series of good crops and the government's success in maintaining essential imports, the predominant rural sector of the Iranian economy has suffered little from the shutdown of the oil industry, and serious economic difficulties have not emerged elsewhere. To some extent, essential goods are being obtained by barter trade with the USSR. On the other hand, foreign exchange for essential imports from other countries has been maintained through a ban on the import of luxury and semi-luxury goods. Politically active upper class groups resent this ban and almost certainly will seek to have it lifted. The urban middle and lower classes have been disappointed by a situation in which the prospect for economic and social improvements has become more remote and in which their already low level of living has gradually deteriorated.

16. The Zahedi government clearly recognizes the importance of settling the oil dispute and getting the Iranian oil industry back into operation. It has indicated that it considers Mossadeq's attitude toward oil negotiations to have been arbitrary and unrealistic, and has already made some halting efforts to prepare Iranian public opinion for a settlement which might involve some retreat from Mossadeq's demands. The obstacles to solution of the oil problem nevertheless remain great, mainly because the Iranians hope for greater control over oil operations and higher financial returns than are likely to be acceptable to the international oil industry.

Foreign Affairs

17. The Shah and Zahedi are cooperating with the US and have indicated their desire to improve relations with the UK. Although the new government has signed the barter agreement with the USSR which was under negotiation at the time of Mossadeq's downfall, it has at least for the present discontinued Mossadeq's policy of attempting to play the USSR off against the West.

18. The government's interest in cooperating with the US and its receptiveness to US advice are due in large measure to its current dependence on US financial aid, and probably also to a belief that Communism is the overriding threat to Iran's independence. The government's good standing with the US, as demonstrated by its receipt of emergency budgetary aid, is at present one of its main political assets within Iran. Anti-US agitation has died down except for spasmodic efforts on the part of Tudeh.

19. The new government is conscious of the need for British agreement in the revival of Iran's oil industry. However, basic suspicions of British intentions remain widespread. The government is still reluctant to resume formal diplomatic relations with the UK before there is tangible progress toward an oil settlement.

II. PROBABLE DEVELOPMENTS

20. Few significant steps toward the solution of Iran's basic social, economic, and political problems are likely to be taken during the

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period of this estimate. The effectiveness of the government will largely be determined by its success in dealing with Iran's immediate fiscal and monetary problems and in making some apparent progress towards settlement of the oil dispute. We believe that relatively moderate governments are likely to continue through 1954. Without further outside financial aid, an Iranian government probably would manage to cope with its immediate fiscal and monetary problems by resorting to deficit financing and other "unorthodox" measures. Under such circumstances, it would encounter — and with difficulty probably hold in check — mounting pressures from extremist groups.

21. If the Shah were assassinated, a confused situation might arise. The succession to the throne is not clearly established, and disorders attending his death might permit extremist groups, with or without Tudeh Party collaboration, to gain power.

Economic

22. The Shah and the Zahedi regime are likely to be more reasonable than Mossadeq in their approach to the oil problem, but an early and satisfactory solution is not likely. The following generalizations can be made:

a. The oil issue is still politically explosive in Iran and will be an issue in the electoral campaign. The Zahedi regime will probably not wish to reach a formal oil agreement with the British before the completion of the elections, which usually take several months. In any case no Iranian regime could survive if it appeared to be compromising the provisions of the oil nationalization law or retreating far from Mossadeq's basic demands. Once a Majlis is reconstituted, it can probably be brought to ratify an agreement which does not appreciably violate these conditions, but only after vigorous political pressure and public propaganda by the government.

b. Although there appears to be general agreement that the marketing of Iranian oil will have to be undertaken by a combination of Western firms rather than by the Anglo-Iranian Oil Company alone, a multiplicity of complicated legal, commercial, and technical

problems must be worked out before a definite proposal can be made to Iran. Even if an oil agreement is reached and ratified, Iran will not reap sizeable financial benefits at once, unless through some form of advance against future oil deliveries.

23. It therefore appears that sometime during 1954 Iran will encounter difficulties in meeting its budgetary expenses. After the present US emergency grant is exhausted, the Iranian Government will either require additional outside financial assistance or will be forced to seek Majlis authorization for a resumption of deficit financing of the sort that Mossadeq engaged in illegally. The Majlis would probably grant such authorization, but with great reluctance, and only if there appeared to be no hope of timely outside aid. Moreover, this course would in the long run probably result in a progressive weakening of Iran's financial stability. Exports will probably continue to pay for essential imports, and barring serious crop failure, general economic activity is expected to continue at approximately the present level. If there is an oil settlement, barter trade with the USSR is not expected to reach significant proportions. However, in the absence of such a settlement or continued grants of financial aid, Iran will be forced to depend heavily upon USSR barter trade for essential items.

Political

24. Although Zahedi faces no immediate challenge, the chances that his government will survive through 1954 are not good. Basic conflicts continue within and between the traditional governing groups, who are eager to regain the position of privilege they held before Mossadeq, and the urban middle and lower classes, who are demanding economic and social reforms and greater participation in government. These conflicts could flare out into the open at any time, particularly during proposed elections or over such issues as the disposition of Mossadeq or the oil dispute.

25. Mossadeq remains a problem for the regime. So long as he remains alive, he will be a potential leader for extremist opposition

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to the regime. On the other hand, if Mossadeq were executed in the near future the resultant disturbances would be serious but could probably be suppressed.

26. The necessity of reconstituting the Majlis poses a serious problem for the Zahedi government. The new regime is firmly committed to a return to parliamentary government and appears unwilling to face the consequences of deliberately postponing elections. It is likely that elections will be held within the period of this estimate. However, political instability is likely to be increased by the electoral campaign and by the nature of the Majlis likely to be elected. Once the electoral campaign begins, political groups now maneuvering covertly for position will come out in the open, with increasing danger that popular emotions will again become aroused and lead to mob violence.

27. The new Majlis will almost certainly be a heterogeneous body including representatives of the traditional governing groups, tribal leaders, former Mossadeq supporters, and ardent nationalists like Mullah Kashani and Mozafar Baghai. Many members will be little interested in stable government or will be basically unsympathetic to the government's reform program. Others will suspect Zahedi of too close association with the traditional governing groups and will oppose settlement of the oil dispute and rapprochement with the British. From these disunited groups, representing a variety of conflicting interests, Zahedi must put together majorities for controversial fiscal and monetary legislation and such politically explosive measures as those relating to an oil settlement.

28. These difficulties Zahedi will be able to surmount only so long as he has the firm backing of the Shah, who has once again become a key factor in Iranian politics. The Shah apparently feels that his restoration to power is due to his high personal popularity with the Iranian people, and he appears determined to assert his authority. There are indications, however, that he is still unwilling to give strong backing to any prime minister, and at the same time is not willing to assume the role of dictator himself. His latent jeal-

ousy of Zahedi, his attempts to appoint court favorites to key government posts, and his by-passing of Zahedi in exercising his command of the armed forces might at any time lead to a situation in which Zahedi would become ineffective. If strong opposition to Zahedi develops in the Majlis, the Shah will probably jettison Zahedi and appoint a new cabinet, thus in effect returning to the chronic governmental ineffectiveness and instability of the pre-Mossadeq era.

29. The Shah would probably be successful in replacing the Zahedi government with another relatively moderate one. However, if foreign aid is substantially reduced and there is no oil settlement or reasonable prospect of one, moderate governments would encounter greater popular opposition. The Shah would then be faced with the alternatives of ruling by increasingly authoritarian means or making greater concessions to extremist elements. If additional US financial assistance is not forthcoming when the current grant is exhausted in the spring of 1954, and if at that time Iranian public opinion were already greatly aroused over such issues as Majlis elections or an oil settlement, a serious crisis might develop. The Shah and a government enjoying his support could probably survive such a crisis, although they would lose important elements of their following.

30. The Tudeh Party will probably be unable to gain control of the country during the period of this estimate, even if it combines with other extremist groups. It will nevertheless be able to capitalize on any decrease in popular confidence in the government. It will also retain a capability for acts of sabotage and terrorism. The strength of pro-Shah anti-Tudeh sentiment in the armed forces, while at present a major deterrent to Tudeh assumption of power, will be weakened if there is a marked increase in popular support for Tudeh.

Foreign Affairs

31. The hope of obtaining continued and increasing US aid, both in restoring oil revenues and in providing funds in their absence, makes it almost certain that the Shah and his gov-

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ernments will continue to cooperate with the US. A sharp curtailment in US aid to Iran would not only make Iran less receptive to US advice and influence, but would significantly reduce public confidence in the government's ability to improve social and economic conditions and maintain internal security. There will also be increasing pressure, particularly from the Shah, for an expansion of US military aid. Even if the Shah should be offered considerable inducement in the form of military aid, he would not agree to join with the US in formal arrangements for defense of the Middle East, since such a commitment would be strongly opposed by many Iranians, would

not obtain Majlis approval, and might, in his mind, provoke the USSR into invoking the 1921 Treaty.

32. Iranian relations with the UK will largely depend on progress in settling the oil dispute. Settlement of the dispute would almost certainly result in some gradual revival of British political and commercial influence in Iran.

33. During 1954 Iran will attempt to maintain friendly relations with the USSR and will continue efforts to settle questions in dispute. It will almost certainly resist any Soviet efforts to increase its influence in Iran's internal affairs.

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SOURCE []

1. According to rumors current [] an agreement has been reached between Mullah Kashani and the Tudeh Party to replace Prime Minister Mossadeq with Kashani or his puppet, possibly within the next thirty days.
2. Mossadeq is fully aware of this plan but to date he has taken no measures to forestall it.
3. Faced with the threat of a Kashani-Tudeh coalition, Dr. Mozaffar Baghai's newspaper, Shahed, has given Mossadeq its unequivocal support. This represents a reversal of Baghai's policy which in the past weeks has been aligned more closely with Kashani than with Mossadeq.
4. Colonel Hasan Pakravan, Chief of the G-2 section of the Iranian Army, is seriously concerned by the rumors of a Kashani-Tudeh agreement, which he believes are well founded. He is of the opinion, however, that other prominent political figures in the National Front will follow Baghai's lead, and that the Army and the Shah are firmly committed to Mossadeq.

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APR 1950

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SECURITY INFORMATION

INFORMATION REPORT

BY CABLE

REPORT NO. []

CD NO.

COUNTRY Iran

SUBJECT Position of Prime Minister Mossadeq
in Possible Bid for Power by Mullah Kashani

DATE DISTR. 7 October 1952

NO. OF PAGES 1

DATE OF INFO. []

NO. OF ENCLS.
(LISTED BELOW)

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SUPPLEMENT TO
REPORT NO.

GRADING OF SOURCE						COLLECTOR'S PRELIMINARY GRADING OF CONTENT					
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SOURCE []

The following is the opinion of experienced American observers regarding the rumors concerning Mullah Kashani's plan to overthrow Prime Minister Mossadeq:

- On the basis of current information, it is probable that the bid for power by Iranian military leaders would be enmeshed with Mullah Kashani's plans for a constitutional change of Premier. The growing wave of rumors names Kashani as the instigator of the plot to replace Mossadeq. While General Fazollah Zahedi is most frequently mentioned as Kashani's choice for Prime Minister, Reza Bushiri, Bagher Kazemi, and Mozaffar Baghai also are mentioned. Without discounting the possibility that the military clique might ultimately make an unconstitutional bid to seize power, it is considered extremely improbable that such an attempt would succeed. This conclusion is based on the following arguments:
 - The Shah not only would not cooperate, but would work to prevent a coup.
 - None of the present military leaders is considered to have sufficient courage or prestige to rally adequate support.
- In spite of the many rumors concerning an impending change of government, which must be carefully weighed when mention of Kashani is made, Mossadeq is still the most powerful political figure in Iran and may not be on the way out.

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INFORMATION REPORT

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SECURITY INFORMATION

COUNTRY Iran
SUBJECT Tudeh Instructions Concerning Activities in Case of Anti-Mossadeq Coup
DATE OF INFO. []
PLACE ACQUIRED []
REPORT NO. []
DATE DISTR. 6 April 1953
NO. OF PAGES 1
REQUIREMENT NO. RD
REFERENCES

BY CABLE

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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(FOR KEY SEE REVERSE)

SOURCE: []

Tudeh Party weekly instructions for "this week" included the following:

1. Be on the alert for a possible coup d'état attempt by the Royal Court and the group in opposition to Mossadeq.
2. In case trouble develops, be ready to "protect" the Mossadeq Government because the Party does not yet deem circumstances favorable for seizure of power.
3. Agitate everywhere for a single anti-imperialistic front but avoid any statement which might tend to arouse the people against Mossadeq.

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COUNTRY	Iran	REPORT NO.	[]
SUBJECT	Contrast between Recent Shah-Mossadeq Demonstrations and Anti-Qavam Riots	DATE DISTR.	4 May 1953
DATE OF INFO.	[]	NO. OF PAGES	1
PLACE ACQUIRED	[]	REQUIREMENT NO.	RD
		REFERENCES	

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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SOURCE: []

The most striking difference between the anti-Qavam riots of 21 July 1952 and the recent Mossadeq-Shah demonstrations was that among the latter demonstrations the groups supporting Mossadeq did not permit Tudeh Party members to join their ranks, even though one of the conditions of Tudeh cooperation was supposed to be Tudeh leadership of the demonstrations. The Party registered no success in its attempts to seize the leadership. For this reason, Tudeh leaders were "uneasy and nervous."

1. In this connection see []

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COUNTRY Iran REPORT NO. []
 SUBJECT Fears of Tehran Merchants Concerning the Tudeh Party DATE DISTR. 20 July 1953
 NO. OF PAGES 1
 DATE OF INFO. [] REQUIREMENT NO. RD
 PLACE ACQUIRED []

BY CABLE

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SOURCE: []

Tehran merchants are "extremely worried" by the implications of the powerful showing of the Tudeh Party on 21 July 1953.¹ The general attitude is one of fear that Prime Minister Mossadeq has ventured too far in dealing with leftists and that Iran is slipping behind the Iron Curtain.

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7 August 1953

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POLITICAL PROSPECTS IN IRAN Page 13

Approval of Mossadeq's unconstitutional plan to dissolve the present Majlis is expected in the nationwide referendum being held in Iran. General elections are then to follow, but there probably will be considerable delay.

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SECURITY INFORMATION

POLITICAL PROSPECTS IN IRAN

Approval of Prime Minister Mossadeq's unconstitutional plan to dissolve the present Majlis is expected in the nationwide referendum which is to be completed in Iran on 10 August. The Tehran area, which voted on 3 August, has already given overwhelming support to the proposal. The prime minister has publicly stated that general elections will be held, but there probably will be considerable delay.

Mossadeq decreed that the referendum would be by a non-secret ballot. Since voters must include full identification on their ballots, there is little doubt that the referendum will approve dissolution of the Majlis, the constitutional prerogative of the shah.

Mullah Kashani and other opposition leaders have called for a boycott of the referendum. Abstention, however, will not block Mossadeq, as he has the vote of his own followers and the full support of the Tudeh. A report from Tehran on 2 August indicates that a Tudeh front organization has been given 50,000 "white" ballots, used by those voting for Mossadeq's measure.

Mossadeq has promised elections for a new Majlis following the referendum, but normally several months are needed to conduct the actual balloting. Rigged elections are standard practice in Iran. During the last elections, the Mossadeq government used both legal and illegal means to ensure victory for its candidates, yet it did not secure complete control of the legislative body. There is nothing in the situation today suggesting that Mossadeq could secure the election of a more docile Majlis.

Though the Tudeh is supporting the prime minister in the referendum, in a parliamentary election it would run its own candidates against Mossadeq and some would probably be successful. In a new Majlis, if and when assembled, Mossadeq accordingly would find himself faced with a small but militant Tudeh bloc, as well as a rightist opposition, whose election he could not entirely prevent.

Tribal chiefs, army officers, the landed gentry, and the supporters of Mullah Kashani could, if united, defeat Mossadeq. In the rural districts where Communists are increasing their activities, the landlords still control most of the peasant

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vote. Many of their candidates could be defeated only through wholesale terrorism on the part of the pro-Mossadeq forces.

Thus, Mossadeq might increase his own support in a new Majlis, but the anticipated Tudeh and conservative opposition would not lend themselves to easy manipulation. The Tudeh would probably support his anti-Western policies, prod him on to more extremist action, awaiting the day when it could take over. Tudeh representation in a Mossadeq cabinet is not an impossibility.

Faced with the prospects of a new Majlis not fully subservient, Mossadeq will accordingly tend to procrastinate on the elections. Aware, however, that the expiration in January of the powers voted him by the Majlis will remove the last vestiges of legality from his position, he will probably call for elections at the last possible moment.

The prime minister's flagrant violation of the secret ballot in the referendum seems to indicate uncertainty over his actual popular backing, although he insists that the people will support him fully. The considerable conservative and rightist plotting to remove him may increase in the coming months, particularly if he takes more arbitrary action.

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THE TUDEH PARTY UNDER THE ZAHEDI REGIME. Page 9

Prime Minister Zahedi's anti-Communist campaign has impaired Communist morale in Iran and hampered activities of the Tudeh. However, only constant firm pressure on the Tudeh will prevent its re-emergence as a powerful group.

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SECURITY INFORMATION

THE TUDEH PARTY UNDER THE ZAHEDI REGIME

Prime Minister Zahedi's vigorous anti-Communist campaign has impaired Communist morale in Iran and hampered the activities of the Tudeh. Repressive efforts such as those now under way will have little more than a transitory effect unless in the months to come Tudeh activity is kept under constant government pressure.

Estimates of Tudeh strength vary widely and are at best informed guesses. There may be between 20,000 and 35,000 card-carrying members with an estimated hard-core of 1,000. Sympathizers may number between 170,000 and 400,000.

General Zahedi, fearing a widespread Tudeh outbreak against his government, moved to break the power of the Communists as soon as he took over. The police and army were alerted, Tudeh headquarters were raided, Tudeh printing presses were seized and incriminating documents captured. Rewards were offered for information leading to the capture of Tudeh cells and individual members. By mid-September over 1,300 suspects had been arrested. Many of them are presumed to be card-carrying members and some have been named as belonging to the party's top central committee.

The damaging effect of these actions on Tudeh morale is shown by reports from Tehran which indicate that there is growing dissension within the party over the proper tactics to be employed in the current crisis. Tudeh sources report increasing criticism of the party leaders by part of the rank and file who insist that the leaders do not appreciate conditions on the action level. Members are apparently balking at repeated party orders to continue even minor activity against the government. "Party responsables" are reluctant to continue distributing propaganda, and attendance at meetings has reportedly dropped off sharply.

There has been a nearly complete suspension of overt Tudeh activities. The Communist front press has ceased publication. Tudeh sources report that the party's arms training program stopped in late August.

Initial Tudeh efforts to form a united front with remnants of the pro-Mossadeq factions have apparently slackened, and captured party instructions indicate that the current emphasis is on securing the safety of members and property against further government attack.

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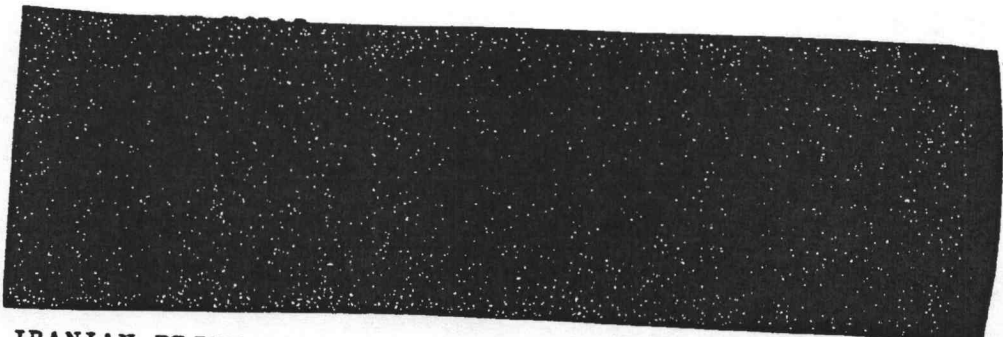
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IRANIAN PRIME MINISTER FACES INCREASING OPPOSITION . . Page 8

After two months in office, Prime Minister Zahedi is meeting more active and better-organized opposition, but there is still no evidence of a concerted drive to overthrow him.

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IRANIAN PRIME MINISTER FACES INCREASING OPPOSITION

After two months in office, Prime Minister Zahedi is meeting more active and better-organized opposition, but there is still no evidence of a concerted drive to overthrow him. The failure of the government to implement its announced program contributes to the popular discontent.

The Tudeh, although crippled by Zahedi's drive against it, is attempting to rally those groups which want to return former prime minister Mossadeq to power. Sabotage in the air force and the navy are credited to the party, but plans reportedly being discussed in the Tudeh for assassination and large-scale sabotage are probably designed primarily to bolster the morale of rank-and-file members. The Tudeh asserts that other pro-Mossadeq groups are ready to join it in a united front, and limited cooperation probably takes place for specific operations.

The 8 October strike which closed the bazaar for the day was probably a joint operation of the Tudeh and the non-Communist Bazaar Committee. The latter, composed of prominent pro-Mossadeq merchants, is continuing its agitation which reportedly is to include strikes, distribution of hand bills, bribery, and even assassination of Zahedi supporters.

Other groups participate from time to time in joint activities in support of Mossadeq. The National Restoration Movement, composed of former Majlis deputies who supported him, is allegedly interested solely in saving the former prime minister's life. The small right-wing Pan-Iran Party has also come out in support of Mossadeq and apparently can supply street gangs for strong-arm tactics.

Most of these groups have in common only the desire to see Mossadeq restored to power. Cooperation between them has so far been temporary and opportunistic.

Zahedi's main opposition from non-Mossadeq sources appears to come from the politically ambitious Dr. Mozaffar Baghai, Majlis deputy and leader of the inactive Workers Party. Iranian army chief of staff Batmangelitch and his two deputy chiefs are Baghai supporters and are allegedly involved in intrigues aimed at discrediting the Tehran military governor, the police chief, and the gendarmerie commandant, all of whom are loyal to Zahedi.

Batmangelitch has expressed the opinion that Iran's real hope lies in a coalition of Zahedi and Baghai. Baghai has not yet publicly opposed Zahedi, although he is reported to be seriously thinking of an open break. He has sharply criticized many of Zahedi's policies and warned that any oil settlement with the

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Information

British must adhere strictly to the 1951 nine-point nationalization law. Zahedi believes himself competent to control any threat from this quarter.

The role of Mullah Kashani in the current political maneuvering is not clear. In mid-October he reportedly reorganized the National Front and pledged his support to the Bazaar Committee. Zahedi is believed to have had a secret interview with Kashani, however, and they may have made a deal. At any rate, there has as yet been no anti-Zahedi activity attributable to Kashani.

The prime minister, aware of his opposition, is hampered by the lack of an effective political organization. The Tehran military governor, leading an attempt to organize pro-Zahedi forces, has reportedly received the support of a large group of second-rank bazaar leaders who are organized as the Bazaar Club.

Zahedi also is handicapped by the support which the shah gives Batmangelitch. The monarch, assuming control of army appointments and promotions, has resisted attempts by Zahedi to get rid of the chief of staff. Future attempts along this line will probably also be opposed by the shah and will further strain relations between the two men, though a complete break is unlikely.

Zahedi's political position is weakened by delay in carrying out his announced program. The frequent postponement of Mossadeq's trial has brought criticism from many quarters and Zahedi has charged angrily that Batmangelitch is deliberately delaying the trial to discredit the government.

Iran's serious currency shortage and its slowness in planning the effective utilization of the \$45,000,000 emergency aid from the United States has made it impossible to implement the job-creating construction programs which the prime minister had promised. Similarly, Zahedi's lack of progress in settling the oil problem has produced increasing criticism. He is also handicapped by a lack of knowledge of the oil problem and by a realization that any negotiations with the British will lay him open to attack by ultranationalists.

The absence of a legal Majlis further obstructs the government. Zahedi has delayed dissolving the rump Majlis, apparently because the action will be opposed by the deputies still in office, although they do not constitute a quorum.

Although there is as yet no one sufficiently strong to try to replace Zahedi, his weakness makes it progressively more difficult to accomplish any of the reforms which are necessary if he is to stay in power and is an invitation to aspirants for his post. The collapse of his government would probably bring into power a regime which, if not pro-Communist, would be likely to try to follow a policy of anti-Western neutrality.

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SECURITY INFORMATION

Despite the immediate effect of the government campaign against Tudeh activities, there are signs that the present round-up may not prove any more effective in the long run than similar earlier repressions. The basic structure of the party is still intact. The purge of Tudeh members from the government ministries is reportedly being slowed by the ministers' insistence that they do not know which of their employees are Communists and that they therefore cannot act with despatch.

There is serious doubt that the Iranian army will succeed in permanently weakening the Tudeh. Current army plans for the speedy release of rank and file members and the decision to exile Tudeh captives to Luristan in southwestern Iran, a relatively unsettled province, are typical of past efforts to repress Communism. Such efforts have generally proved unsuccessful, primarily because the government underestimates the strength of Tudeh indoctrination.

The Communists' assertion that the government is unable and unwilling to improve the lot of the masses has a major appeal for the Iranian people. While both the shah and Zahedi apparently desire to improve living standards, they have inherited from Mossadeq not only an empty treasury but a weakened structure of constitutional government. Without funds, without plenary powers, and without a functioning Majlis, the prime minister is handicapped in efforts he may make toward social reform.

While in the long run the appeal of Communism to Iranians can be lessened by improving their economic and social position, constant and firm pressure by the military is the only procedure which holds promise of extended success in the near future.

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COUNTRY	Iran	REPORT NO.	[]
SUBJECT	National Resistance Movement Tract on Zuhedi Coup	DATE DISTR.	4 February 1954
DATE OF INFO.	[]	NO. OF PAGES	1
PLACE ACQUIRED	[]	REQUIREMENT NO.	RD
		REFERENCES	[]

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
THE APPRAISAL OF CONTENT IS TENTATIVE.

SOURCE: []

Attached is a translation of a tract distributed in Tehran during the last week of December 1953 and published by the National Resistance Movement, concerning the overthrow of the Mossadeq Government.

Encl: 1 tract (2 pages)

Distribution: Department of State on loan for 3 weeks
OCI for retention

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41

ANNOUNCEMENT: ALL OFFICERS, NON-COM'S, SOLDIERS OF THE NATION
READ AND PASS ON TO OTHERS

The treacherous activities of the coup makers have caused such agitation among the patriotic people that no one can remain silent. They know that if the nation ever dominates over them it will not even spare their families. Hence they are resorting to murder, theft and annihilation of lives and property to preserve their authority.

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It is, therefore, your duty to know your coup-making military agents. The coup plan started long ago, right after 30 Taser (21 July) of last year. The agents held meetings in Shirvan and Isfahan, but after the national leaders split from the nation's rank, opposing our leader, Dr. Mossadeq, the hope of the traitors received support. A meeting was held in the U.S. Embassy in the presence of Col. Farzanehan (now Brigadier General and Minister of P.T.AT), Col. Akhavi (now Brigadier General and Assistant Chief of Staff), Lt. Col. Zand-Karubi, and an American colonel. Following this meeting, Eisenhower delivered a menacing speech. "We have begun our activities to change conditions in Iran." On 14 Mordad (5 August) the same group met in the U.S. Embassy and laid down their plan of action. Two days later they again met in Gen. Matrangeli's garden located at a point 19 kilometers on the road to Karaj, to inform him of their plans. The day for execution of the plan was set either on the day of the referendum or the day of the dissolution of the Majlis, and the Shah was informed. The Shah became nervous and left for Kalar Dasht, forcing postponement of the plan. During this period, the matter leaked out and Tudeh newspapers reacted. Since there was danger that the plan would be nullified, an American colonel immediately left for Kalar Dasht to see the Shah and persuaded

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him to sign two white documents (Firmans) which were given to Col. Nassiri on 22 Mordad (13 August). Events which occurred at night on 25 Mordad (15 August) were described in the newspapers. Col. Nassiri was arrested by Mottas' forces. At this point a trick of Lt. Col. Zand-Karubi prevented the recognition and arrest of other coup-makers; he telephoned the first Police Precinct and ordered the release of all soldiers who had left their barracks after midnight. Had Eshdi not been so negligent the following, who were not without knowledge of the plot, would have been replaced: Brig. Gen. Kofbar, Police Chief; Col. Ashrafi, Military Governor; Brig. Gen. Siasi, G-2 Chief; and Brig. Gen. Daftari, Chief of Armed Customs Guard. These people wanted to be on both sides. If they had been replaced, the incidents of 28 Mordad (19 August) would not have occurred.

The core of this coup were five people: Col. Ruhani, Lt. Col. Azmudeh, Lt. Col. Khosrow Panah, Lt. Col. Shahr bani Maridi, and Brig. Gen. Yazdampah.

Azmudeh shamelessly shouted that Dr. Mossadeq made the coup on the night of 25 Mordad. Aren't these explanations sufficient for the existence of an anti-national coup?

(The remainder of the announcement claims that the National Resistance Movement will again resurrect Iran and urges the military to be prepared for another revolution.)

The announcement is signed by the "Commanding Officers' Staff of the National Resistance Movement."

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CENTRAL INTELLIGENCE AGENCY

APPROVED FOR RELEASE
DATE: NOV 2002

12 OCTOBER 1951

FROM: EO 12958 3.4(b)(1)>25Yrs
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SUBJECT: ANALYSIS OF IRANIAN POLITICAL SITUATION

(IT IS SPECIFICALLY REQUESTED THAT NO DISTRIBUTION OF THIS REPORT BE MADE OUTSIDE OF THE AGENCY.)

1. BACKGROUND.

A. XENOPHOBIA. IRAN NOW IS ANTI-WESTERN BUT IS VIOLENT ONLY IN ITS MANIFESTATION AGAINST THE BRITISH BECAUSE THEIR PRESENCE IN IRAN UP TO THIS TIME HAS BEEN MORE SUBSTANTIAL THAN THE PRESENCE OF ANY OTHER WESTERNERS (FOR EXAMPLE, THE ANGLO-IRANIAN OIL COMPANY, BRITISH BANK AND BUSINESS FIRMS BACKED BY A LONG HISTORY OF BRITISH INTERESTS IN IRAN). MOSSADEQ CAME TO POWER ON A WAVE OF XENOPHOBIA, THE FORERUNNER OF WHICH WAS THE ANTI-RAZMARA AND ANTI-COURT MOVEMENT (RAZMARA AND THE SHAH DESCRIBED AS SERVANTS OF THE BRITISH). IF THE UNITED STATES SHOULD CONTINUE TO SIDE SPECTACULARLY WITH THE BRITISH (FOR EXAMPLE, HARRIMAN'S REFUSAL TO PASS TO THE BRITISH MOSSADEQ'S "ULTIMATUM," AND THE POSTPONEMENT OF THE \$25,000,000 EXPORT-IMPORT BANK LOAN), THE BRUNT OF ANTI-WESTERN FEELING COULD EASILY COVER THE UNITED STATES AS WELL AS GREAT BRITAIN.

B. DICTATORSHIP OF THE STREETS. THE MOSSADEQ GOVERNMENT IS THE PRISONER OF THE "STREETS." THE "STREETS" ARE COMPOSED OF TWO MAIN GROUPS: THE FOLLOWERS OF MULLAH KASHANI AND THE TUDEH PARTY (WITH SATELLITE FRONTS), BOTH OF WHICH ARE EXPLOITING TO THE FULLEST A WAVE OF GENUINE NATIONALISTIC FEELINGS OF A BROAD SECTION OF THE UPPER MIDDLE CLASS. ALTHOUGH KASHANI'S FOLLOWING IS POSSIBLY MORE NUMEROUS THAN THAT OF THE TUDEH, THE FORMER HAS NEITHER THE ORGANIZATION, DISCIPLINE, NOR REVOLUTIONARY AND CONSPIRATORIAL TRAINING AND EXPERIENCE OF THE LATTER. ACCORDINGLY, OF THE TWO THE MORE POWERFUL IS UNDOUBTEDLY THE TUDEH PARTY.

C. THE TRADITIONAL IRANIAN POLICY IS TO MAINTAIN THE BALANCE OF POWER BETWEEN THE SOVIET UNION AND GREAT BRITAIN. THE IRANIAN POLITICAL PENDULUM IS NOW SWINGING DANGEROUSLY TOWARD THE SOVIET UNION BUT GIVEN OPPORTUNITIES THE IRANIAN SHOULD REACT AND TURN TOWARD THE WEST FOR SUPPORT (PROVIDING THE WEST IS NOT REPRESENTED BY GREAT BRITAIN ALONE).

2. MOSSADEQ'S GOVERNMENT HAS POWERFUL POPULAR SUPPORT.

A. MAJLIS OPPOSITION TO MOSSADEQ COLLAPSED ON 30 SEPTEMBER 1951. ABDUL RAHMAN FARAMARZI ANNOUNCED THAT THE OPPOSITION WOULD CEASE TO ATTACK THE GOVERNMENT AS LONG AS THE OIL DISPUTE WAS UNDER CONSIDERATION OF THE SECURITY COUNCIL. SOURCES BELIEVE, HOWEVER, THAT THE COLLAPSE OF THIS OPPOSITION IS FINAL. THE SECURITY COUNCIL DEBATE IS A FACE-SAVING EXCUSE. THE OPPOSITION HAS GOTTEN "OUT ON A LIMB," DEPENDING UPON BRITISH POWER AND ROYAL COURT SUPPORT. BOTH FAILED TO COME THROUGH WITH THEIR SUPPORT AND THE OPPOSITION DEPUTIES FEAR FOR THEIR VERY LIVES.

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PAGE 2

B. MOSLEM RELIGIOUS GROUPS, WHO AT ONE TIME MIGHT HAVE BEEN DIVERTED FROM KASHANI AND FROM HIS PRO-MOSSADEQ STAND, HAVE NOW RALLIED TO THE NATIONAL FRONT BANNER. IN A LETTER DATED SEPTEMBER 1951 NAVAB SAFAVI, LEADER OF THE FEDAYAN-I-ISLAM, MADE PEACE WITH KASHANI; A LETTER FROM BURUJURDI OF QUM (THE OUTSTANDING SPIRITUAL LEADER OF IRAN) TO THE SHAH URGED HIM TO SUPPORT MOSSADEQ.

C. KASHANI'S ENORMOUS INFLUENCE IN SUPPORT OF THE GOVERNMENT WAS DEMONSTRATED ON 3 SEPTEMBER 1951 BY THE GENERAL CLOSING OF THE BAZAARS THROUGHOUT THE NATION AT HIS REQUEST AND BY THE ORDERLINESS OF THE PARADES HE SPONSORED IN FAVOR OF THE GOVERNMENT ON THE SAME DAY.

D. THE SHAH HAS TAKEN A STAND IN FAVOR OF MOSSADEQ AND AT LEAST SINCE 17 SEPTEMBER HAS REFUSED TO LISTEN TO BRITISH ENTREATIES TO RALLY OPPOSITION IN FAVOR OF SEYYED ZIA TABATABAI. AT MOSSADEQ'S REQUEST THE SHAH HAS ORDERED THE PRINCESS ASHRAF OUT OF THE COUNTRY (SHE LEFT IN LATE SEPTEMBER 1951), THEREBY SHOWING THAT HE WOULD NO LONGER (THAT IS, FOR THE TIME BEING) CONDONE COURT INTRIGUES IN POLITICAL MATTERS.

E. THE TUDEH PARTY AND PEACE FRONT ORGANIZATIONS ARE BACKING MOSSADEQ, ALBEIT ONLY ON SPECIFIC ISSUES. AS LONG AS MOSSADEQ'S POLICY REMAINS INTRANSIGENT AGAINST THE BRITISH, THE TUDEH IS BEHIND MOSSADEQ. THE TUDEH DOES NOT APPEAR TO BE IN THE MOOD AT THIS TIME TO MAKE LIFE DIFFICULT FOR THE GOVERNMENT, AS EVIDENCED BY THE FACT THAT THE TUDEH APPARENTLY ACCEPTED THE POLICE ORDER NOT TO CELEBRATE PUBLICLY THE TENTH ANNIVERSARY OF THE FOUNDING OF THE PARTY (3 - 7 OCTOBER 1951).

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(C)

3. THE BRITISH POSITION IN IRAN HAS COLLAPSED.

A.

B. THE INFLUENCE OF THE BRITISH EMBASSY UPON THE SHAH AND HIS COURTIER HAS PRACTICALLY CEASED TO EXIST, MAINLY BECAUSE THE SHAH IS INCREASINGLY AWARE OF THE STRENGTH OF THE "STREETS", AND FEARS THE "STREETS" AT PRESENT MORE THAN HE FEARS THE BRITISH. NO OTHER PRIME MINISTER PRIOR TO MOSSADEQ COULD CLAIM SUCH SPONSORSHIP. THE SHAH DARES NOT TALK BACK OR STEP OUT OF LINE. HE IS FULLY AWARE NOW THAT THE POLITICAL WAVE WHICH BROUGHT MOSSADEQ INTO POWER WAS IN GREAT PART AN ANTI-COURT WAVE.

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PAGE 3

C. THE CAMPAIGN OF INTIMIDATION SUPPORTED BY CERTAIN ELEMENTS OF THE NATIONAL FRONT AND CONDONED BY MULLAH KASHANI (BUT NOT CONDONED BY MOSSADEQ) HAS CONTRIBUTED TOWARD CURRENT ELIMINATION OF BRITISH-SPONSORED OPPOSITION. (SEE ALSO PARAGRAPH 2 A ABOVE).

4. THE SOVIET UNION IS IN A RELATIVELY STRONG POSITION TO REAP ADVANTAGES.

A. THE TUDEH PARTY HAS GREAT POTENTIALITIES. ALTHOUGH INSIDE INFORMATION IS INADEQUATE, THE FOLLOWING CLUES ARE IMPORTANT:

(1) AS EARLY AS 1946 THE TUDEH HAD ORGANIZED WORKERS IN ABADAN TO A POINT WHERE THEY SUCCESSFULLY STAGED A GENERAL STRIKE.

(2) SINCE THE RAZMARA CABINET, THE TUDEH HAS ENJOYED GREATER FREEDOM OF ACTION WITH CORRESPONDINGLY INCREASED EFFICIENCY.

(3) IN 1950 THE TUDEH ORGANIZED PEACE FRONT GROUPS.

(4) IN DECEMBER 1950 THE TUDEH WAS IN A POSITION TO STAGE THE ESCAPE OF TEN OF ITS LEADERS FROM THE TEHRAN JAIL.

(5) IN APRIL 1951 THE TUDEH QUICKLY TOOK ADVANTAGE OF THE INEPTITUDE OF BRITISH LABOR RELATIONS IN ABADAN TO STAGE ANOTHER SUCCESSFUL GENERAL STRIKE.

(6) IN JULY 1951 THE TUDEH WAS ABLE TO MASS TEN THOUSAND DEMONSTRATORS IN THE STREETS OF TEHRAN AND ORGANIZE THEM IN SEMI-MILITARY ORDER.

(7) IN THE PAST YEAR THE TUDEH HAS BEEN SIGNALLY SUCCESSFUL IN CONDUCTING LARGER SCALE PROPAGANDA.

(8) AN ESTIMATE OF TUDEH AND FRONT GROUPS FOR THE TEHRAN AREA IN SEPTEMBER 1951 WAS A MAXIMUM OF THIRTY-FIVE THOUSAND, WHICH APPEARS TO BE A CONSIDERABLE INCREASE OVER A YEAR AGO.

(9) THE ECONOMIC SITUATION STANDS TO DETERIORATE FURTHER, WHICH PAVES THE WAY FOR FURTHER INCREASE IN THE POWER OF THE TUDEH PARTY.

B. THE POLICY OF THE NATIONAL FRONT AT THIS TIME PLAYS DIRECTLY INTO SOVIET HANDS.

(1) IT HAS CAUSED MISUNDERSTANDINGS BETWEEN LONDON AND WASHINGTON. THE BREACH COULD BE MADE TO WIDEN FURTHER.

(2) IT CALLS FOR THE PHYSICAL EXPULSION OF THE BRITISH FROM IRAN.

(3) IT HAS UNDERMINED THE PRESTIGE OF THE ANGLO-SAXON POWERS IN THE NEAR EAST.

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PAGE 4

(4) IT LAYS THE GROUNDWORK FOR A COMMON FRONT OF NATIONALISTS IN THE NEAR EAST AGAINST ANGLO-SAXON "IMPERIALISTS." (THIS POLICY, FAVORABLE TO THE SOVIET UNION, CAN BE CARRIED OUT MUCH MORE SMOOTHLY BY THE MOSSADEQ GOVERNMENT, A BOURGEOIS GOVERNMENT, THAN BY A TUDEH GOVERNMENT.)

(5) THE SOVIET "SIDING" WITH IRAN AT THE SECURITY COUNCIL IN EARLY OCTOBER 1951 HAS INCREASED SYMPATHY FOR THE SOVIETS EVEN IN THE RANKS OF THE NATIONAL FRONT.

C. NOTE, HOWEVER, THAT SOVIET INFLUENCE IN IRAN HAS TO CONTEND WITH:

(1) THE ARMY, POLICE, AND GENDARMERIE WHICH REPRESENT IN THE HANDS OF THE SHAH AND THE GOVERNMENT COMPARATIVELY WELL-ORGANIZED, CENTRALIZED, AND MASSIVE REPRESSIVE FORCES, WITH NOTEWORTHY SHORTCOMING SUCH AS PENETRATION IN CERTAIN QUARTERS, CORRUPTION, AND SO FORTH.

(2) POPULAR RESISTANCE TO COMMUNISM WHICH STEMS FROM RELIGIOUS SENTIMENTS AND A REVIVAL OF NATIONALISM.

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☐ DISTRIBUTION: EMBASSY, TEHRAN

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WIRELESS in English Morse to Europe, July 15, 1955. 030 GMT--E

(Text)

New York--THE NEW YORK TIMES (sic) published an article by its observer Allen who says: "The Mossadeq Government will fall before the close of this year. Iran is in the throes of a rapidly intensifying political and economic crisis, and the aged and ailing Premier is nearing the end of his turbulent rule.

"He will probably be ousted by arms, as happened in Egypt last year when King Farouk was kicked out. The Iranian Army is strongly pro-west with especially close ties to the United States, that is supplying it with modern equipment and training personnel.

"These highly significant conclusions were the first ones definitely reached at the 'Big Three' Foreign Ministers' Conference here. They were based on reports from both American and British sources in Iran. This explosive Middle Eastern situation has been a major Washington-London problem since the start of Mossadeq's hectic domination. The United States authorities made repeated efforts to settle his bitter feud with the British, but all were thwarted by his extremist demands.

"Meanwhile, political and economic conditions deteriorated to a point where an upheaval and Mossadeq's ouster are deemed inevitable. Iran suffered a smashing economic blow as a result of the drop in the world price of oil. Authoritative financial reports indicate that the Mossadeq Government is virtually bankrupt.

"That is what Secretary of State Dulles told the House of Representatives Appropriations Committee during a private conference on the foreign aid budget. Dulles, who did not visit Iran during his recent Middle East tour, stated that he had advised President Eisenhower to withhold further economic assistance to Iran until an agreement is reached on the long-pending oil dispute with Britain. Asked what effect the fall of Mossadeq would have on United States relations, Dulles made the following significant reply: 'Any Iranian Government other than a Communist one would be better for us than the present government. We found it impossible to deal with Mossadeq.'"

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SECURITY INFORMATION

1 July 1953

NSC not used

COMMENT ON MOSSADEQ VICTORY IN THE IRANIAN MAJLIS

The 1 July election of a Mossadeq supporter, Abdollah Moazzami, as president of the Majlis was accomplished by the National Front with the support of the independents. These deputies apparently responded to the prime minister's threat on 26 June to dismiss the Majlis if his government did not receive majority support.

Although Mossadeq now controls this important parliamentary post, the opposition can still prevent a quorum and there is no indication that the Majlis members will be amenable to his will in the future.

Mullah Kashani, ex-president of the Majlis, who on 30 June issued a strong denunciation of Mossadeq's dictatorial tactics, can be expected temporarily to limit his political activities. Kashani's own ambitions will induce him, however, to continue working against the prime minister.

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OCT 3 1952

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SECURITY INFORMATIONCENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

3 October 1952

SUBJECT: SE-33: PROSPECTS FOR SURVIVAL OF MOSSADEQ REGIME
IN IRAN (for Board Consideration)THE OIL ISSUE

1. The Anglo-Iranian dispute remains the focal point of current political ferment and instability in Iran. Mossadeq's National Front regime rode to power on the issue of nationalization of oil and remains in power in large part because it has successfully defied the UK. An early settlement of the oil dispute is unlikely. Mossadeq would almost certainly be overthrown if he concluded an agreement with the UK which he could not successfully represent as a decisive victory for Iran. In view of the intense anti-British sentiment in Iran, any agreement which Mossadeq could accept would require far greater concessions than the British have given any indication of offering. Mossadeq will, therefore, probably continue his efforts to persuade the US either

- (a) to bring pressure on the British to agree to his terms or
- (b) to facilitate the sale of Iranian oil in the absence of a

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settlement with the AIOC.

THE ECONOMIC SITUATION

2. The loss of oil revenues has had a restrictive effect but has not done serious or lasting damage to the Iranian economy. The great majority of the people have not yet been and are not likely soon to be affected by economic developments which include moderate price increases, curtailment of urban business activity and reduced imports. The financial position of the government, however, has been seriously affected. Loss of oil revenues will require further substantial budgetary cuts and/or extensive borrowing and currency devaluation. Mossadeq has the authority and the resources to avert a fiscal breakdown for some time, but the measures he must adopt, though authoritarian, will gradually restrict the resources and activities of the central government and contribute to economic deterioration.

BALANCE OF POLITICAL POWER

3. The forces unleashed by the issue of oil nationalization have produced permanent and far-reaching changes in the traditional political balance of power in Iran. The Shah has virtually no power for independent action. The old ruling

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landowning class has also lost political initiative and much of its power. Although the Army can probably still maintain security in most situations likely to occur, its leadership has been demoralized by recent events, is becoming more subservient to the National Front, and appears to be losing its capability for independent action. The National Front is thus the predominant political force in Iran. The principal immediate threat to Mossadeq comes from dissenting factions within the heterogeneous National Front. Chief among these is that led by the Mullah Kashani, fanatical Moslem leader. His agitation among peasants for agrarian and social reform is creating unrest which Mossadeq may be unable to control. His extreme intransigence on the oil issue and uncompromising demands for the expulsion of all Western influence from Iran adds to Mossadeq's difficulties in finding markets for Iranian oil. Meanwhile, the Tudeh Party has bettered its position considerably, but is believed incapable by itself of overthrowing the government by force or subversion. It will, however, probably support Kashani because of its fear that Mossadeq might succeed in achieving an oil settlement and because if Kashani were in power he would speed up the arrival of the moment propitious for a Tudeh take-over.

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RUMORS OF COUP

4. As in the period prior to Mossadeq's resignation in July 1952, there are numerous reports that Mossadeq is losing support and that various groups are plotting his overthrow. Almost all available reports point to Kashani's participation, but they disagree as to: whether Kashani is to be the leader or the tool of such an attempt; the relationship between Kashani and the Tudeh; the extent of Kashani's support within the National Front; and the position of the Army and the Shah. The possibility also exists that Mossadeq and Kashani themselves may be circulating rumors of a break between them or a coup in order to frighten the US and UK into yielding on the oil dispute.

PROBABLE OUTCOME OF A COUP

5. Anti-Mossadeq forces can choose from among the following methods of seizing power:

(a) Constitutional means: The Majlis is scheduled to reconvene on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations.

(b) **Military Coup:** A military coup against Mossadeq is not likely to succeed because Mossadeq has had the opportunity to eliminate elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.

(c) **Mob Violence:** A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. On balance, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:

1. Mossadeq: the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with its organized street fighting forces; the Sonka (pro-Nazi) Party, providing the Tudeh supported Kashani; and the Army and part of the Police force, providing they were given specific and direct orders before the attempt to take over the government had gone too far.

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2. Kashani: his followers in the National Front; the Bazaar mobs and the bands of ruffians organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.

(d) Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani because: (a) it is improbable that any moderate National Front leader would be able to resist the combined forces of Kashani and the Tudeh Party; and (b) Mossadeq's assassination would increase anti-Western sentiment and further weaken the position of the conservative opposition.

LIKELIHOOD OF A COUP

6. Although we believe that Mossadeq, if he escapes assassination, can probably resist all efforts to overthrow him, we do not believe there is sufficient evidence to estimate the likelihood of an attempt against him, the composition and intentions of the group which might make such an attempt, or the means they might employ.

CONSEQUENCES OF A KASHANI TAKEOVER

7. If Kashani should gain supreme power in Iran, by whatever means, the following developments would probably take place:

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- (a) Rapid deterioration of the efficiency of the government and weakening of the security forces.
- (b) The confusion of the economic situation by the promulgation of reforms which the government could not administer.
- (c) The ejection of Western representatives and influences.
- (d) Complete breakdown of negotiations with the UK on the oil dispute.

As a consequence of the above developments, the situation would become ripe for the assumption of power by the Tudeh with minimum Soviet assistance within a year.

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S P E C I A L E S T I M A T E

**BEST COPY
AVAILABLE**

**PROSPECTS FOR SURVIVAL OF MOSSADEQ
REGIME IN IRAN**

SE-33

Advance Copy for NSC Senior Staff

8 October 1952

The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 8 October 1952.

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CENTRAL INTELLIGENCE AGENCY

8 October 1952

SE-33: PROSPECTS FOR SURVIVAL OF
MOSSADEQ REGIME IN IRAN*

CONCLUSIONS

1. On the basis of available evidence we believe that the Mossadeq Government can survive at least for the next six months unless ill-health or death removes Mossadeq from the Iranian political scene.

2. If Keshani should come to power, the most probable result would be the progressive deterioration of Iran, possibly leading to the eventual assumption of power by the Tudeh.

* This estimate has been prepared in response to an urgent, specific request and is an interim estimate pending the preparation of a more comprehensive one which is under way.

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ESTIMATE

THE OIL ISSUE

3. An early settlement of the oil dispute with the UK is unlikely. Political forces which Mossadeq himself encouraged in the past now require him to insist upon greater concessions than the British have given any indication of finding acceptable. On the other hand, Mossadeq's prestige would be greatly enhanced if he succeeded in effecting the sale of oil despite the British boycott.

THE ECONOMIC SITUATION

4. The loss of oil revenues has not seriously damaged the Iranian economy, primarily because of an excellent harvest, although there have been some price increases, curtailment of urban business activities, and reduction of imports. However, the financial position of the government has been seriously affected. Unless the government restores revenues from the sale of oil, substantial budgetary cuts and/or extensive internal borrowing and further currency expansion are inevitable.

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FACTORS OF POLITICAL POWER

5. a. Recent events have produced far-reaching changes in the traditional factors of political power in Iran. As a practical matter, the Shah has almost completely lost his capability for independent action, but is a useful tool for Mossadeq, should need arise. The formerly dominant landowning class has also lost political initiative. The Armed Forces, if given effective direction, are probably capable of coping with any type of domestic disturbance presently foreseeable. We do not believe that their effectiveness has been materially reduced by Mossadeq's changes in the high command. Mossadeq's popular prestige makes him still the dominant political force in Iran.
- b. A major threat to Mossadeq's continued control over the heterogeneous National Front arises from the activities of Mullah Kashani, ambitious Moslem leader. Kashani's extreme intransigence on the oil issue

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and his uncompromising demands for the termination of all foreign interference in Iran severely limit Mossadeq's freedom of action. He has successfully separated many National Front politicians from Mossadeq. Although Kashani has expressed optimism publicly with respect to his ability to control Tudeh, he is basically opposed to their aims, probably can weigh with shrewdness and accuracy the potential value and danger to him of Tudeh support, and is not likely under present conditions to seek their help.

- c. While the Tudeh Party has become stronger in recent months, it is almost certainly incapable by itself of overthrowing the government by force or subversion at present. Although the Tudeh Party has an organization, has a significant degree of favorable public opinion, and has the cooperation of the USSR, it still lacks a legal status and the power in the Majlis and control of the key Cabinet positions which would be necessary to take over the government

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by constitutional means. The Tudeh Party will, however, probably support Kashani in the belief that if Kashani were in power its opportunities for taking over the country would be improved.

LIKELIHOOD OF AN ATTEMPT TO OVERTHROW MOSSADEQ

6. Since Mossadeq's return to power in July 1952 there have been continuous reports of plots to overthrow him. Kashani and Army officers are frequently mentioned as leaders, but the reports conflict on matters of essential detail. It does not seem likely that Kashani will seek to replace Mossadeq so long as no clear issues of disagreement arise between them, so long as his influence on Mossadeq remains strong, and so long as Mossadeq is willing to assume responsibility. So far as a military coup is concerned, we have no evidence to indicate that any group of officers has the capability which the initiation of a successful coup would require.

PROBABLE OUTCOME OF AN ATTEMPT TO OVERTHROW MOSSADEQ

7. In the event that an attempt is made to overthrow Mossadeq, the following means are available:

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a. Violent Means:

- i. Military Coup:** A military coup against Mossadeq is not likely to succeed because Mossadeq has had the opportunity to eliminate elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.
- ii. Mob Violence:** A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. If there should be a break now between Mossadeq and Kashani, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:
 - (a) Mossadeq:** the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with their organized

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street fighting forces; the Sonka (Fascist) Party, provided the Tudeh supported Kashani; the Pan Iranian Party; and the Army and part of the Police force, providing they were given specific and direct orders.

- (b) Kashani: his followers in the National Front; the Bazaar mobs and the bands organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.

iii. Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani. (Note: Kashani would probably also come to power if Mossadeq should retire or die a natural death.)

- b. Constitutional means: An attempt may be made to overthrow Mossadeq after the Majlis reconvenes on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view

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of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations.

CONSEQUENCES OF THE ASSUMPTION OF POWER BY KASHANI

8. If Kashani were to come to power, the consequences would depend upon the circumstances of the take-over and upon the group or groups supporting him at that time. Kashani might come to power by:

- a. A vote of the Majlis unseating Mossadeq.
- b. Assuming control over another National Front regime if Mossadeq were removed from the political scene.
- c. A deal with the Tudeh Party by which Tudeh was given representation in the government.
- d. A coalition with various disgruntled Army leaders and conservative elements.

If Kashani should come to power, the probable net result in Iran would be a situation worse for Western interests than the current one. The regime would be more difficult than the present one to deal with on the oil dispute and more resistant to all Western

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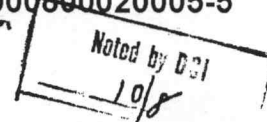
influence. The effectiveness of the government and the security forces would decline, as would the economic situation. There is no assurance that the regime would not be overthrown by Mossadeq, by internal dissension, or by a military coup, with trend changes we cannot presently predict. However, the probable ultimate consequence of a Kashani regime would be the progressive general deterioration of Iran possibly leading to the eventual assumption of power by the Tudeh.

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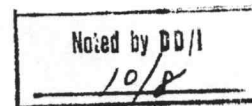
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Security Information



7 October 1952



MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: SE-33: Prospects for Survival of Mossadeq Regime in Iran

BACKGROUND

1. This estimate, requested by the NSC Senior Staff, was initiated on 2 October on a crash basis. It focuses primarily on the possible replacement of Mossadeq by Kashani - admittedly only one aspect of the Iranian situation insofar as it affects US security interests. The agency representatives concur that SE-33 cannot be considered an adequate substitute for a full-scale NIE on Iran.

SUBSTANCE

2. G-2 reserved the right to raise at the IAC meeting its belief that paragraph 6, Consequences of the Assumption of Power by Kashani, was beyond the scope of this paper -- particularly in view of the estimate that Kashani was not likely to seek to overthrow Mossadeq and was not likely to succeed if he did make such an attempt.

From the nature of requests for this estimate I feel that the subject of this paragraph is the one upon which our consumers most desire our best thought.

3. As far as we have been able to ascertain, no objections will be raised to the present text in the IAC meeting.

25X1A

SHERMAN KENT
Assistant Director
National Estimates

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3 <i>A P/10/12</i>		
4 <i>SE-33 Deployment File</i>		
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1 <i>O/DDC</i>	<i>mm</i>	<i>10/9/52</i>
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REMARKS:

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Approved For Release 1999/09/27 : CIA-RDP79S01011A000800020005-5

FORM 8
SEP. 1947 30-4

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CENTRAL INTELLIGENCE AGENCY

BOARD OF NATIONAL ESTIMATES

7 October 1952


MEMORANDUM FOR THE INTELLIGENCE ADVISORY COMMITTEE

SUBJECT: SE-33: Prospects for Survival of Mossadeq Regime
in Iran

1. The attached draft estimate has been approved by the Board of National Estimates pursuant to a consideration of it by the IAC representatives.

2. This estimate has been placed on the agenda of the IAC meeting scheduled for 10:30 Wednesday, 8 October.

25X1A9a


Executive Secretary

Distribution "A"

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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

7 October 1952

**SUBJECT: SE-33; PROSPECTS FOR SURVIVAL OF MOSSADEQ
REGIME IN IRAN**

ESTIMATE

THE OIL ISSUE

1. An early settlement of the oil dispute with the UK is unlikely. Political forces which Mossadeq himself encouraged in the past now require him to insist upon greater concessions than the British have given any indication of finding acceptable. On the other hand, Mossadeq's prestige would be greatly enhanced if he succeeded in effecting the sale of oil despite the British boycott. It is possible that he will effect such sale, to non-Soviet countries, in significant quantities.

THE ECONOMIC SITUATION

2. The loss of oil revenues has not seriously damaged the Iranian economy, primarily because of an excellent harvest, although there have been some price increases, curtailment of urban business

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activities, and reduction of imports. However, the financial position of the government has been seriously affected. Unless the government restores revenues from the sale of oil, substantial budgetary cuts and/or extensive internal borrowing and further currency expansion are inevitable.

BALANCE OF POLITICAL POWER

3. a. Recent events have produced far-reaching changes in the traditional political balances of power in Iran. As a practical matter, the Shah has almost completely lost his capability for independent action, but is a useful tool for Mossadeq, should need arise. The formerly dominant landowning class has also lost political initiative. The Army, if given effective direction, is probably capable of coping with any type of domestic disturbance presently foreseeable. We do not believe that its effectiveness has been materially reduced by Mossadeq's changes in the high command. Mossadeq's popular prestige makes him still the dominant political force in Iran.
- b. A major threat to Mossadeq's continued control over the heterogeneous National Front arises from the

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activities of Mullah Kashani, ambitious Moslem leader. Kashani's extreme intransigence on the oil issue and his uncompromising demands for the termination of all foreign interference in Iran severely limits Mossadeq's freedom of action. He has successfully separated many National Front politicians from Mossadeq. Although Kashani has expressed optimism publicly with respect to his ability to control Tudeh, he is basically opposed to their aims, probably can weigh with shrewdness and accuracy the potential value and danger to him of Tudeh support, and is not likely under present conditions to seek their help.

- c. While the Tudeh Party has become stronger in recent months, it is almost certainly incapable by itself of overthrowing the government by force or subversion at present. Although the Tudeh Party has an organization, has partially infiltrated government organizations (strongest in Communications), has a significant degree of favorable public opinion, and has the cooperation of the USSR, it still lacks

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the power in the Majlis and control of the key Cabinet positions which would be necessary to take over the government by constitutional means. The Tudeh Party will, however, probably support Kashani in the belief that if Kashani were in power its opportunities for taking over the country would be improved.

LIKELIHOOD OF AN ATTEMPT TO OVERTHROW MOSSADEQ

4. Since Mossadeq's return to power in July 1952 there have been continuous reports of plots to overthrow him. Kashani and Army officers are frequently mentioned as leaders, but the reports conflict on matters of essential detail. It does not seem likely that Kashani will seek to replace Mossadeq so long as no clear issues of disagreement arise between them, so long as his influence on Mossadeq remains strong, and so long as Mossadeq is willing to assume responsibility. So far as a military coup is concerned, we have no evidence to indicate that any group of officers has the capability which the initiation of a successful coup would require.

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PROBABLE OUTCOME OF AN ATTEMPT TO OVERTHROW MOSSADEQ

5. In the event that an attempt is made to overthrow Mossadeq, the following means are available:

a. Violent Means:

1. Military Coup: A military coup against Mossadeq is not likely to succeed because Mossadeq has had the opportunity to eliminate elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.
11. Mob Violence: A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. If there should be a break now between Mossadeq and Kashani, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:

- 5 -

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- (a) Mossadeq: the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with their organized street fighting forces; the Somka (Fascist) Party, provided the Tudeh supported Kashani; the Pan Iranian Party; and the Army and part of the Police force, providing they were given specific and direct orders.
- (b) Kashani: his followers in the National Front; the Bazaar mobs and the bands organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.
- iii. Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani. (Note: Kashani would probably also come to power if Mossadeq should retire or die a natural death.)

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- b. **Constitutional means:** An attempt may be made to overthrow Mossadeq after the Majlis reconvenes on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations.

CONSEQUENCES OF THE ASSUMPTION OF POWER BY KASHANI

6. If Kashani were to come to power, the consequences would depend upon the circumstances of the take-over and upon the group or groups supporting him at that time. The types of regimes which might evolve would include:

- a. Kashani might come to power by a vote of the Majlis unseating Mossadeq. However, Mossadeq in opposition would possess much of the strength which enabled him to regain power in July 1952, and his return to office would not be unlikely.
- b. Kashani might be able to assume control over another National Front regime if Mossadeq were removed from

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the political scene. In that event, such a regime would be more difficult than the present one to deal with on the oil dispute and more resistant to Western influence. The effectiveness of the government and security forces would gradually decline, as would the economic situation. These developments would probably result in the eventual assumption of power by the Tudeh Party.

- c. Kashani might come to power following a deal with the Tudeh Party by which Tudeh was given representation in the government. Such an eventuality would present favorable opportunities either for the gradual assumption of power by the Communists or for the take-over of the government by conservative and/or Army leaders.
- d. Kashani might come to power by forming a coalition with various disgruntled Army leaders and conservative elements. We believe this is the least likely way for Kashani to come to power and that such a coalition would almost certainly not survive.

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CENTRAL INTELLIGENCE AGENCY
BOARD OF NATIONAL ESTIMATES

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4 October 1952

MEMORANDUM FOR: Mr. Allan Evans (OIR)
Colonel Gerald F. Lillard, USA (G-2)
Captain Ray Malpass, USN (ONI)
Colonel Jack E. Thomas, USAF (AFOIN-2A)
Captain Charles M. Heberton, USN (JIG)

SUBJECT : SE-33: Prospects for Survival of Mossadeq
Regime in Iran

1. The attached draft estimate is forwarded for review.
2. It is requested that your representative meet with us at 2:00 Monday, 6 October, in Room 146 South Building, to discuss this draft preparatory to the special meeting of the IAC on Wednesday, 8 October.

25X1A9a


Executive Secretary

Distribution "B"

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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

4 October 1952

SUBJECT: SE-33: PROSPECTS FOR SURVIVAL OF MOSSADEQ REGIME
IN IRANTHE OIL ISSUE

1. An early settlement of the oil dispute with the UK is unlikely. In view of the intense anti-British sentiment in Iran, any agreement which Mossadeq could accept would require greater concessions than the British have given any indication of offering. On the other hand, Mossadeq's prestige would be greatly enhanced if he succeeded in effecting the sale of oil despite the British boycott.

THE ECONOMIC SITUATION

2. The loss of oil revenues has not seriously damaged the Iranian economy, although there have been some price increases, curtailment of urban business activities, and reduction of imports. However, the financial position of the government has been seriously affected. Unless the government restores revenues from the sale of oil,

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substantial budgetary cuts and/or extensive borrowing and currency expansion are inevitable, with increasingly severe political and economic effects.

BALANCE OF POLITICAL POWER

3. a. Recent events have produced far-reaching changes in the traditional political balances of power in Iran. The Shah has less capability for independent action. The formerly dominant landowning class has also lost political initiative. The Army probably is capable of coping with any domestic disturbances, but it has been demoralized by Mossadeq's policy toward it and no longer has a clear allegiance. The National Front under Mossadeq has thus become the dominant political force in Iran.
- b. The principal threat to Mossadeq's continued control over the heterogeneous National Front arises from the activities of Mullah Kashani, fanatical Moslem leader. His agitation among peasants for agrarian and social reform is creating unrest which Mossadeq may be unable to control. His extreme intransigence on the oil issue

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and uncompromising demands for the expulsion of all Western influence and interests from Iran adds to Mossadeq's difficulties. Kashani has also shown a tendency to seek Tudeh support.

- c. While the Tudeh Party has become stronger in recent months, it is almost certainly incapable by itself of overthrowing the government by force or subversion. It will, however, probably support Kashani in the belief that if Kashani were in power its opportunities for taking over the country would be improved.

RUMORS OF COUP

4. There are numerous reports that Mossadeq is losing support and that various groups are plotting his overthrow. Almost all these reports mention Kashani as a participant in these plots, but they disagree as to: whether Kashani is to be the leader or the tool of such an attempt; the relationship between Kashani and the Tudeh; the extent of Kashani's support within the National Front; and the position of the Army and the Shah. One report even suggests that Mossadeq and Kashani themselves are circulating rumors of a coup or a break between them in order to frighten the US and UK into yielding on the oil dispute.

- 3 -

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LIKELIHOOD OF A COUP

5. We do not believe there is sufficient evidence to estimate the likelihood of an attempt against Mossadeq, the composition and intentions of the group or groups which might make such an attempt, or the means they might employ.

PROBABLE OUTCOME OF A COUP IF ATTEMPTED

6. We estimate, however, that Mossadeq, if he escapes assassination, can probably resist all efforts to overthrow him. Anti-Mossadeq forces can choose from among the following methods of seizing power:

- a. Constitutional means: An attempt may be made to overthrow Mossadeq when the Majlis reconvenes on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations.
- b. Military Coup: A military coup against Mossadeq is not likely to succeed because Mossadeq has had the

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opportunity to eliminate elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.

- c. Mob Violence: A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. If there is a break between Mossadeq and Kashani, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:

1. Mossadeq: the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with its organized street fighting forces; the Somka (pro-Nazi) Party, providing the Tudeh supported Kashani; and the Army and part of the Police force, providing they were given specific and direct orders.

- 5 -

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2. Kashani: his followers in the National Front; the Bazaar mobs and the bands organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.
- d. Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani.

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Project~~CONFIDENTIAL~~

1 September 1953

MEMORANDUM FOR: Mr. Saunders

SUBJECT : Project TPAJAX

REFERENCE : Memo dtd 31 Aug 53 to A-DD/A fr Comp, same subject.

1. I understand the referenced memorandum. However, it would appear to me that it is clearly illegal to honor the NEA request that expenditures made subsequent to 30 June 1953 be charged against the [redacted] obligation approved by the Director on 6 April 1953. It also seems to me that upon receipt of this memorandum on or about 29 May 1953 the Finance Division should have advised the NEA Division to this effect. It is my understanding that the NEA Division has made commitments in addition to those which are recorded on Finance Division books in the amount of [redacted]

25X1A

25X1A

2. We must report on and make recommendations concerning two things to the Director: first, how did the error occur which caused us to ask for [redacted] from the Bureau of the Budget when we should have asked for [redacted] and possibly more?; (This would appear to be brought about by our failure to advise the NEA Division that the unobligated balance of [redacted] could not be legally obligated after 30 June 1953, as well as NEA's erroneous advice to Mr. Wisner that it had [redacted] in the budget which could be used for this Project.) second, we must recommend to the Director a proposed course of action to take now. To do this we must find out exactly what commitments have been made, how much money it takes to cover them, what can be legally spent out of Fiscal Year 1953 money, what has to come out of Fiscal Year 1954 money, whether it can come out of the budget, or whether it must be released by the Bureau of the Budget from our reserve. In order to do this, representatives of the Finance Division and the NEA Division should get together and prepare a memorandum for my signature to the Director in which Mr. Wisner can concur.

25X1A

25X1A

25X1A

L. K. White

DOCUMENT NO. _____
 NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED
 CLASS. CHANGED TO: ☒ 25X1A
 NEXT REVIEW DATE: _____
 AUTH: HR 70:2
 DATE: 06/04/82 REVIEWER: [redacted]

25X1A

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Security Information

31 August 1953

MEMORANDUM FOR: Acting Deputy Director (Administration)

SUBJECT : Project TPAJAX

1. In accordance with your request, there is listed below the action taken in connection with the above project:

- a. 6 April 1953, the sum of [REDACTED] was approved for project TPAJAX under this date by Mr. Dulles and Mr. Wisner. (See Exhibit A) 25X1A
- b. 10 April 1953, an allotment of [REDACTED] for this project was made by the Budget Division. 25X1A
- c. 29 May 1953, a memorandum was sent by Chief, Administration, NEA, to the Chief, Finance Division, requesting that the amount of [REDACTED] be recorded as an obligation against project TPAJAX and that an expenditures made subsequent to 30 June 1953 be charged against this obligation. This memorandum was approved by Chief, NEA Division. (See Exhibit B) 25X1A

2. On the basis of properly approved request for advances made by the NEA Division, the following payments were made by the Monetary Branch, Finance Division:

- a. 1 June 1953
 - b. 8 June 1953
 - c. 22 June 1953
 - d. 23 July 1953
- [REDACTED]

25X1A1a

25X1A1d

3. Based on the very meager information at hand at the present time, it is the opinion of the undersigned that the establishment of an obligation in this manner in one fiscal year and the expenditure of funds in another fiscal year is subject to question. Therefore, it is recommended that no further advances and/or payments be made under this project unless it can be definitely established that a legal commitment of 1953 funds has been made. It is further recommended that the Bureau of the Budget be requested to approve the release of the sum of [REDACTED] instead of [REDACTED] as previously discussed.

25X1A

25X1A

E. R. SAUNDERS
Comptroller~~CONFIDENTIAL~~

Attachments:

Exhibits A and B

ERS:aks

cc: Signer's copy

~~CONFIDENTIAL~~
Security Information

~~CONFIDENTIAL~~

Office Memorandum • UNITED STATES GOVERNMENT

TO : Comptroller

DATE: 31 August 1953

FROM : Finance Division

SUBJECT: TPAJAX

1. In his memorandum of 2 May 1953 from the Comptroller to the Chief, Finance Division, the former states that Project TPAJAX is approved by the DCI in the amount of [REDACTED] stating that payments will be made in installments as the events progress.

25X1A

2. The following information is submitted as the result of a discussion with [REDACTED] the latter the Certifying Officer for the Project;

25X1A9a

(a) On 10 April 1953, [REDACTED] issued Allotment Advice No. 668-2 in the amount of [REDACTED] for Project TPAJAX.

25X1A9a

25X1A

(b) On 29 May 1953, in his memorandum to the Finance Division, the Chief, NEA requested that the entire [REDACTED] be recorded in the Finance Division as an obligation incurred for F.Y. '53. It is noted that the request was also made to charge any payments made after 30 June 1953 to F.Y. '53 obligations.

25X1A

25X1A

(c) On their Report of Obligations at 30 June '53, NEA shows the entire [REDACTED] obligated.

(d) On the basis of properly approved and certified Requests for Advances, the following payments were made by the Monetary Branch on TPAJAX. All payments were made as deposits to a single, spe-

25X1A1d

- (1) 1 June, '53
- (2) 8 " "
- (3) 22 " "
- (4) 23 July "

25X1A1a

(e) On 24 August, 1953, following a meeting with State Department officials, a voucher in the amount of [REDACTED] was processed and signed by the DCI. The entire proceeds of this voucher were subsequently, on 25 August, [REDACTED]

25X1A

25X1A1d

25X1A1d

25X1A9a

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ILLEGIB

Chief, Finance Division

2 May 1953

Comptroller

Support for Special Operation: TPAJAX

1. This Office has on file an "EYES ONLY" document authorizing the expenditure of funds up to [REDACTED] for the above project. Payments will be made in installments as the events progress.

25X1A1a

2. This project has been exempted from review by the Projects Review Committee and the preparation of an administrative plan.

3. In connection with the receipt of accountings and reports the following is quoted:

"This special operation obviously requires special security measures, and will be handled on "Eyes Alone" basis among those who need to know it. For this reason, usual accounting procedures cannot be rigidly adhered to, and it is therefore requested that written receipts from the recipients not be required."

4. The document on file in this Office has been signed and approved by the following:

25X1A9a

[REDACTED] Chief, NEA Division
Frank G. Wisner, DD/P
Allen Dulles, DCI

E. R. SAUNDERS

ERS:aks

cc: Signer's copy ✓

Payment

25X1A

04913A000100030032-7

~~Security Information~~~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

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~~RELATIONS~~
~~EYES ONLY~~

MEMORANDUM FOR: DIRECTOR OF CENTRAL INTELLIGENCE
SUBJECT: Support for Special Operation: TPAJAX

1. Pursuant to our discussions of 2 April 1953, authorization is requested for the expenditure of funds up to [REDACTED] for the specific purpose agreed to, with the understanding that: 25X1A1a

25X1C4a

- a. The funds will not be committed until the intentions and capabilities of the instigator of the operation are established to the joint satisfaction of [REDACTED]

- b. Payments will be made in installments as events progress.

2. Exemption is requested from submitting a project or an administrative plan for this undertaking to the Project Review Committee.

3. This special operation obviously requires special security measures, and will be handled on "Eyes Alone" basis among those who need to know it. For this reason, usual accounting procedures cannot be rigidly adhered to, and it is therefore requested that written receipts from the recipients not be required.

25X1A9a

Chief
Division of Near East
and Africa

RECOMMEND APPROVAL:

signed 6 April 1953
FRANK G. WISNER, Deputy Director (Plans)

APPROVED:

signed 6 April 1953
ALLEN DULLES, Director of Central Intelligence

~~EYES ONLY~~

~~CONFIDENTIAL~~

Approved For Release 2001/08/01 : CIA-RDP80-01435R000100030033-6

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Approved For Release 2001/09/01 : CIA-RDP78-04913A000100030035-4

Security Information

Comptroller

2 September 1953

Finance Division

TPAJAX

1. Reference is made to memorandum dated 31 August 1953, from the Comptroller to the Acting Deputy Director for Administration, and memorandum dated 1 September 1953, from the Acting Deputy Director for Administration to the Comptroller. Subject of both memoranda as above.

2. In accordance with Colonel White's instructions, a meeting was held with representatives of the NEA Division. Attending were Messrs. [REDACTED] and [REDACTED] for NEA, to [REDACTED] and the undersigned, representing the Finance Division. [REDACTED]ifying Officer for project TPAJAX.

3. Messrs. [redacted] were queried regarding the NEA memorandum of 29 May 1953 to the Finance Division, requesting that the latter Division record the entire [redacted] allotted to project TPAJAX as an obligation incurred entirely within the fiscal year 1953. It was their opinion that NEA had the authority to make this request, and that it would be in accordance with the understanding that [redacted] Chief, NEA, had with General Smith and Mr. Dulles as a result of their original discussions concerning this project. Messrs. [redacted] informed the undersigned that the planning for and the implementation of this project contemplated and resulted in discussions between certain Iranian Nationals and [redacted], with CIA representatives taking part. In these discussions, certain commitments were made, the satisfaction of which required the obligation of the entire allotment on a date prior to 1 July 1953. It was further stated that this particular date was only incidental and that the same action would have been taken on any other time throughout the fiscal year. You will recall that the Finance Division reported advances in the total amount of [redacted] made to this project. [redacted] informed the undersigned that an additional amount, approximately [redacted] has been expended by the [redacted] for this project and will be appearing [redacted] financial reports. This would make a total of approximately [redacted] having been disbursed at headquarters and in the field. Regarding actual commitments, [redacted] states that to his knowledge about [redacted] additionally has been committed for expenditure. He stated that in his opinion, based on known facts, and what could be expected to develop, a total of [redacted] will be committed and the remaining [redacted] will probably be returned as unrequired funds out of the original approved [redacted]

4. With respect to the misunderstanding resulting in a request made upon the Bureau of the Budget for [REDACTED] Messrs. [REDACTED] were queried regarding the position of NSA and any statements which might have been made which could have led to this misunderstanding.

DOCUMENT NO. _____
NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED

CLASS, CHANDLER 14; TS 30

***695 VIEW DATE** 0020025 1

6-04913A000100030035-4
AUTH: HR 70-2

DATE: 06/04/82 REVIEWED: [REDACTED]

~~CONFIDENTIAL~~

2025 Release Under E.O. 14176

DATE: 06/04/82 REVIEWED

25X1A

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Approved For Release 2001/09/06 : CIA-RDP78-04913A000100030035-4

-2-

5X1A They informed the undersigned that Mr. Wisner had been made aware of the fact
25X1A that [REDACTED] had been approved for TPAJAX. However, since there was no
25X1A direct relation between the specific objective of TPAJAX and the objective for
25X1A which the [REDACTED] was approved, there was no intention to tie the two
25X1A activities together in such a way as to give the impression that [REDACTED]
25X1A was available against the later requirement for [REDACTED]. Apparently the
25X1A misunderstanding could have been augmented by the fact that a continuing reference
25X1A was made to the objective of the [REDACTED] grant as TPAJAX. [REDACTED]
25X1A9a Mr. [REDACTED] stated that they had spoken with Mr. Wisner relative [REDACTED]
25X1A approved for TPAJAX, having the knowledge that some part of this total had already
25X1A been expended, more had been irrevocably committed, and that the entire amount
25X1A had been obligated. They are of the opinion that Mr. Wisner was aware of these
25X1A details.

25X1A 5. To avoid any further confusion or possible misunderstanding as a
25X1A result of associating project TPAJAX with this later developing activity, it is
25X1A suggested that a cryptonym be immediately assigned by NEA for the activity for
25X1A which the [REDACTED] was approved.

5X1A 6. It would appear that perhaps [REDACTED] may be recalled from the
5X1A original [REDACTED] approved, notwithstanding the obligation by NEA Division
5X1A of the entire amount. However, [REDACTED] strongly urges that before taking this
5X1A action inquiries be directed to the field to determine exactly what amounts have
5X1A been disbursed by them and what amounts have been committed for which funds must
5X1A remain available.

7. Regarding the questionable obligation of the [REDACTED], it is
the opinion of the Finance Division that the request of the Chief, NEA, to take
this action was a statement by him that the funds had actually been committed
and irrevocably obligated. It is the further opinion of the Finance Division
that this request constituted a legal, obligating instrument and that it would
have to be honored in the absence of information indicating it to be an invalid
action.

8. At the instruction of the Acting Deputy Director for Administration,
there is attached hereto a draft of a proposed memorandum to the Director, for
signature of the Acting Deputy Director for Administration and concurrence of
the Deputy Director for Plans.

[REDACTED]
Chief, Monetary Branch

Approved For Release 2001/09/06 : CIA-RDP78-04913A000100030035-4

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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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25X1

COUNTRY Iran
SUBJECT Mossadeq's Version of His Conflict with the Shah
DATE OF INFO.
PLACE ACQUIRED

REPORT NO.
DATE DISTR. 7 April 1953
NO. OF PAGES 2
REQUIREMENT NO.
REFERENCES

25X1

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1. The following is a paraphrase of Prime Minister Mossadeq's explanation to his Council of Ministers regarding his conflict with the Shah:

a. "After Razmara was killed the Shah made a number of representations for the purpose of obtaining the Anglo-Iranian Oil Agreement. efforts at this early stage, the British, with the aid of the Shah, would surely have had their way. Later, when the Council of Ministers decided to close all British consulates, Ambassador Sir Francis Shepherd called and demanded When he became aware of the fact no intention of submitting to his demand that the decree for closure be rescinded, he took his case to the Shah. Once more the Shah attempted to interfere in political matters to the detriment of his own country became irritated by such interference. As time went on, it became obvious the Shah was doing his best to undermine my Government. the Ministry of National Defense for purposes of controlling the Security Forces. As you know, the Shah refused At that time a bill was introduced in the Majlis to transfer the authority of Commander-in-Chief from the Shah to the Minister of Defense opposed this bill as you know. been against the Shah then, opposed such a bill? Of course not. then went to the Shah and asked him his preference for Chief of Staff. He requested that Mahmud Baharmast as Chief of Staff and also place Alavi (fnu) in a responsible post. Both were made members of the Security Council, and were loyal to the Shah.

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b. With this background in mind we come to the more recent activities of the Court against the Government: the activities of certain military leaders, the Bakhtiari affair,² the Iraqi Frontier trouble, and the contemplated return to Iran of Princess Ashraf and the Queen Mother. To prevent further intrigue by the Court [redacted] Majlis Deputies Zolfaghari and Mir-Ashrafi (no Government man), and Seyyed Ibrahim Milani³ to protest these activities. [redacted] to see the Shah, who denied all, [redacted] seven more Deputies (whom you all know) to the Shah with the message that either he cooperate [redacted] 100 percent or be faced [redacted] resignation. The reply was, "Don't resign, I'll leave the country."

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c. Thus the stage was set. [redacted] believing that the Shah actually was going to leave, arranged for his foreign exchange needs, passports, etc. Then, on Friday evening (27 February 1953) [redacted] Mullah Behbehani and Shams al Din Qanatabadi were planning a huge demonstration at the Palace for the next day. Saturday morning [redacted] Baharmast to deploy Security Forces throughout the city so as to avoid any trouble when the Shah was leaving. [redacted] to take every measure to insure order in the city. By 1100 hours there were no signs of the Shah's departure [redacted] that the Chief of Staff and Military Governor had not carried [redacted] orders [redacted] suspicious (particularly when Behbehani and others called and asked [redacted] prevent the Shah's departure) and went to see the Shah.³ By that time crowds were gathering around the Palace shouting pro-Shah slogans [redacted] You all know what happened after that. Thus, you see that this was a well-executed plan by the opposition to attempt to build a basis of popular strength on which to challenge [redacted] This is the kind of Shah [redacted] But no more. He and his friends are finished [redacted] Government is in control of the situation.

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4. According to a 6 April 1953 United Press dispatch, Mossadeq in a nationwide broadcast accused the Shah of plotting to kill him and demanded that the Shah give up his ruling powers.

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INFORMATION REPORT

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COUNTRY Iran

REPORT NO.

25X1

SUBJECT	Statements of Prime Minister Mossadeq and His Son Concerning Iranian-American Relations	DATE DISTR.	NO. OF PA
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9 April 1953

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1. Gholam Huseyn Mossadeq, son of the Iranian Prime Minister, in describing his "recent" visit to Iraq, Syria, and Lebanon, [redacted]

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"As a result of my association with high officials in Iraq, Syria, and Lebanon, I felt that:

- a. the United States Government favors a coup d'état in Iran. The United States has decided not to support my father any longer;
- b. there is a possibility of a joint British-American-backed coup in Iran. The Soviets, however, would not tolerate this and a division of Iran into spheres of influence might result;
- c. the American oil trusts, which have President Eisenhower in their hands, will not allow the United States Government to settle the oil problem on more than a fifty-fifty basis;
- d. my prestige in the countries which I visited has increased, whereas Mullah Kashani's has declined."

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2. Prime Minister Mossadeq [] in a private conversation that the death of Stalin had revealed the weakness of the Soviet Union to the West and had indirectly weakened Iran's position with the United States; that the Americans, knowing of the Soviet weakness, now may stand firm in their relations with Iran.

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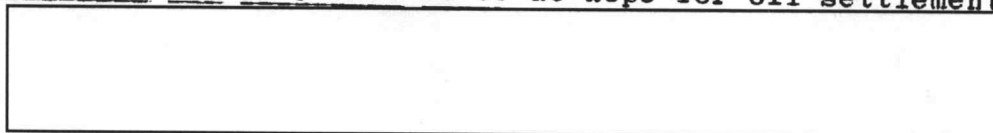
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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
31 January 1953Mossadeq's new proposals offer no hope for oil settlement

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Prime Minister Mossadeq suggested to Ambassador Henderson on 29 January that if the Anglo-Iranian Oil Company presented its demands for compensation from Iran in the form of a lump sum settlement proposal, the problem might be quickly solved without reference to the International Court. The Prime Minister hoped that negotiations would continue as he was very anxious for a solution.

Mossadeq insisted, however, that Iran would only allow AIOC claims for the aboveground refinery installations, and that the Majlis would never permit the British to claim compensation for loss of future profits. He added that Iran would be willing to pay 25 percent of its "gross proceeds" from oil sales for a definite period of years, but that it could not be burdened indefinitely with an enormous debt.

These proposals depart radically from the terms of reference which have guided the Anglo-Iranian negotiations during the past month. Britain has insisted on the right to ask compensation for loss of future profits and has also opposed any lump settlement. There is no indication that the British attitude will change.

Ambassador Henderson believes Mossadeq must realize that these proposals make it impossible to secure settlement through international arbitration. He feels that Mossadeq has again demonstrated the lack of courageous leadership necessary to solve the oil issue; nevertheless, it is improbable that any successor could go further and survive. The Prime Minister may also desire to use the termination of the present conversations as a means for strengthening his internal political position.

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
17 February 1953

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Mossadeq plans to announce end of oil negotiations
(TS Tehran 3184, 14 February 1953)

Prime Minister Mossadeq has informed Ambassador Henderson that he intends to tell the Majlis on 21 February that there is no longer any hope for an oil settlement with the Anglo-Iranian Oil Company. At the same time, he plans to ask the Majlis for permission to sell oil immediately to any buyer at whatever price can be obtained. He would prefer selling to the US Government or American citizens, but in view of Iranian public opinion, he has no choice but to sell to anyone, including the Orbit.

Mossadeq agreed to receive any new British proposal, but insisted it was clear to him that the British do not want a settlement. He believes they are trying to overthrow him by using the tribes, fanatical religious groups, and Communist-front organizations against whom he is prepared to take necessary countermeasures.

setting
Mossadeq may still hope to hasten American aid by settling this deadline and by suggesting the possibility of selling to the Soviet bloc. The Department of State, however, pointed out on 10 February that the tanker situation, including charter rates, was improving to the point where Mossadeq might be able to "dump" Iranian oil on the world markets.

The steady stream of offers to buy oil also encourages Mossadeq to believe that he may be able to market sufficient quantities, even without an agreement with the Anglo-Iranian Oil Company, to meet Iran's needs.

The British have been "giving urgent consideration" to new draft proposals for settling the dispute which were drawn up by the Department of State and which incorporate, insofar as possible, Mossadeq's demands. The Foreign Office has promised to reply to these proposals on 17 February. There is no indication, however, that it will go far beyond previous offers.

State Dept. review completed

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
24 FEBRUARY 1953

PRIME MINISTER MOSSADEQ'S THREAT TO RESIGN

On 20 February Prime Minister Mossadeq sent a brusque message to the Shah stating that he could no longer tolerate his unfriendly attitude and would therefore resign on 24 February. Mossadeq said he would announce publicly that he was forced to offer his resignation because of the intrigues of the Shah and the royal court. He charged that the Shah was responsible for the current tribal unrest as well as encouraging retired army officers to plot against the government.

On this same day, 20 February, Ambassador Henderson presented to Mossadeq the latest draft of the British offer to settle the oil dispute and the American offer to purchase oil when an agreement was reached. Mossadeq appeared friendly, but said he was sure that the proposals in their present form would be unacceptable to Iran. He promised to answer soon.

On 22 February Iranian Foreign Minister Fatemi announced that a decision might be delayed several days. Subsequently, press reports from Tehran predicted a rejection of the British offer and the threat of Mossadeq's resignation.

Mossadeq has recently taken several steps to reduce drastically the Shah's influence, probably to keep him from injecting himself into the situation. Mossadeq has cut off the government subsidy for the Shah's important 'Imperial Organization for Social Welfare'

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and is also attempting to take from him the guardianship of the funds from the wealthy Meshed Shrine. Mossadeq has also criticized the manner in which the Shah is distributing Crown lands. Minister of Court Ala believes that Mossadeq is trying to reduce the Shah to a state of "servile dependence."

The Shah has repeatedly placated Mossadeq by making concessions. He apparently has no definite plans for action should the Prime Minister resign, and has given no indication that he has the necessary determination either to take over control or to give resolute support to any new Prime Minister named by him.

Mullah Kashani, president of the Majlis, seemed pleased when Minister of Court Ala informed him of Mossadeq's threat to resign.

Kashani appears ready to line-up with the Court but such a maneuver would deprive him of extremist support, notably Tudeh. Despite Kashani's assertion that the Majlis would support the Shah if Mossadeq were to attack him, the Prime Minister reportedly feels confident that he can handle the mullah.

A grave situation would be likely to develop if Mossadeq resigns or disappears from the scene. Kashani, the most influential figure after Mossadeq, is a venal, unreliable opportunist and a religious fanatic. The individuals currently mentioned by the Shah as possible successors to Mossadeq do not have either stature or popular support.

The armed forces, though suffering from loss of morale and possibly from some Tudeh infiltration, remain loyal to the present government. They may be expected likewise to support a legally

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instituted new government. Their loyalty might be divided, however, in a full test of strength between the Shah and any government hostile to him.

Late reports from Tehran indicate a temporary lessening of differences between the Shah and Mossadeq based on a partial capitulation by the Shah. The available evidence suggests that the present maneuvers of the Prime Minister are aimed largely at demonstrating that he is in complete control of the government before announcing the latest developments in the oil dispute.

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PD 224
23 Feb - Lion

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CONFIDENTIAL

7 October 1952

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: SE-33: Prospects for Survival of Mossadeq Regime in Iran

BEST COPY
AVAILABLEBACKGROUND

1. This estimate, requested by the NSC Senior Staff, was initiated on 2 October on a crash basis. It focuses primarily on the possible replacement of Mossadeq by Kashani - admittedly only one aspect of the Iranian situation insofar as it affects US security interests. The agency representatives concur that SE-33 cannot be considered an adequate substitute for a full-scale NIE on Iran.

SUBSTANCE

2. G-2 reserved the right to raise at the IAC meeting its belief that paragraph 6, Consequences of the Assumption of Power by Kashani, was beyond the scope of this paper -- particularly in view of the estimate that Kashani was not likely to seek to overthrow Mossadeq and was not likely to succeed if he did make such an attempt.

From the nature of requests for this estimate I feel that the subject of this paragraph is the one upon which our consumers most desire our best thought.

3. As far as we have been able to ascertain, no objections will be raised to the present text in the IAC meeting.

SHERMAN KENT
Assistant Director
National Estimates

O/NE:WOW/PAB:SK:fd

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CONFIDENTIAL

OCT 10 1952
NE-D

IRAN (1953)

*Redacted Version - Released
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(November 2000)*

**(U) "ZENDEBAD, SHAH!":
THE CENTRAL INTELLIGENCE AGENCY
AND THE FALL OF IRANIAN PRIME MINISTER
MOHAMMED MOSSADEQ, AUGUST 1953**

Scott A. Koch

History Staff
Central Intelligence Agency
Washington, DC
June 1998

CL BY: 2176075
CL REASON: 1.5(c,d)
DECLAS ON: XI, X5
DRV FROM: LIA 3-82, MET 31-87

Table of Contents

(U) Source and Classification Note

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(U) I have also examined relevant records from the Department of State, the Department of Defense, and the National Security Agency. These records were not as plentiful or as helpful as I had hoped. I was nonetheless able to fill in some gaps with documents from these organizations. The vast majority of surviving documents on the operation itself remain with CIA, but for the reasons provided below even these are not as numerous as one might expect

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5 (U) Copies of cables sent [] during the operation also were among the files the Division destroyed in its attempt to gain more filing space. At the time, the copies were already nine years old and no one thought that they were important. A record copy may have remained in the Agency's former Cable Secretariat for some time, but such records too have long since disappeared in routine house cleanings. An extensive search of CIA's archives has failed to uncover any surviving copies.

early 1980s, CIA's History Staff prepared transcripts of these documents and sent them to the Department of State's Office of the Historian, then researching a volume of the *Foreign Relations of the United States* series. There is every reason to believe that these transcripts, produced under the supervision of a professional historian, are authentic. The matters in the transcripts correspond in sequence and subject with events as we know them.

(U) The microfilm itself apparently has been destroyed, in accordance with National Archives and Records Administration (NARA) guidelines. According to NARA, the microfilm had to be kept for 20 years and then could be destroyed. The record of destruction had to be kept for five years, at which point it too could be destroyed.

□

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(U) Some readers may think that this study is over-classified, but many of the crucial documents are still top secret after almost 50 years. Since this handful of documents contains information critical to the story, I have decided to use the material they contain even if it means restricting the potential readership.

Scott A. Koch
1 June 1998

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Chapter 1

(U) Iran and the United States to 1951

(U) During the height of the Cold War in the 1950s, Washington considered the Middle East in general and Iran in particular to be among the great strategic prizes in the geopolitical and ideological struggle against the Soviet Union. It was not always so. For almost 175 years, American policymakers ignored Iran because they had no reason to do otherwise.

(U) That changed during World War II and the immediate postwar years. During the war, Iran was an important route for American aid to the Soviet Army, engaged in a life-or-death struggle with Hitler's *Wehrmacht*.¹ Soviet troops remained in northern Iran immediately after the war, encouraging pro-Communist separatist regimes in Iranian Azerbaijan and in the Kurdish region. For a time it appeared to Washington that Moscow would demand the "unification" of Iranian Azerbaijan with Soviet Azerbaijan, but this problem evaporated once Stalin understood that the United States would not permit such an aggressive move.²

(U) The United States would have preferred to withdraw from the Persian Gulf after the end of World War II, but the postwar British retreat and retrenchment "East of Suez" created a vacuum that the US felt obligated to fill. After London announced that it could no longer supply military and economic aid to Greece and Turkey, President Harry Truman publicly declared in March 1947 that the United States would support free peoples everywhere, "resisting attempted subjugation by armed minorities or by outside

¹(U) Eventually, almost a quarter of American aid for the Soviet Union came through Iran. Convoys using more northern routes lost about 20% of their cargoes to the Nazis; only 8% of cargoes sent to the Persian Gulf for shipment through Iran were lost. See, Gerhard L. Weinberg, *A World At Arms: A Global History of World War II* (Cambridge: Cambridge University Press, 1994), pp. 284, 404.

²(U) See, Daniel Yergin, *Shattered Peace: The Origins of the Cold War and the National Security State* (Boston: Houghton Mifflin Company, 1977); Adam B. Ulam, *Expansion and Coexistence: Soviet Foreign Policy, 1917-73*, 2d ed. (New York: Holt, Rinehart and Winston, Inc., 1974); and John Lewis Caddis, *The United States and the Origins of the Cold War 1941-1947* (New York: Columbia University Press, 1972) for a discussion of the Azeri crisis in early 1946.

pressures."³ For Iran, the Truman Doctrine—as this pledge came to be known—meant that the **United States** was replacing Britain as the main geopolitical counterweight to the Russians.

(U) For the first three years after President **Truman's** declaration, the **United States** paid relatively little attention to Iran even though that oil-rich country was experiencing serious economic problems, widespread discontent with the government, and growing agitation by the Tudeh—Iran's Communist Party.

(U) Even without the most basic intelligence on Iran, two elements drove American foreign policy in the post-war Persian Gulf region: oil and the fear that political instability might jeopardize **Western** access to oil. Ever since Shah Muzaffar al-Din

³(U) *Public Papers of the Presidents of the United States*, Harry S. Truman (Washington, DC, 1947), p. 170

granted William Knox D'Arcy an oil concession covering three-fourths of Persia (as Iran was known until 1935), Iranian oil had helped fuel the British economy in peace and war.⁸ The United States was then producing enough oil for its needs, but it knew that Western Europe depended on oil exports from the Middle East. In January 1951, nine months after Hillenkoetter's letter to Acheson, the Central Intelligence Agency's Office of National Estimates (ONE) wrote that the British economy would suffer if it lost Iranian oil. The loss of *all* Middle Eastern oil, ONE said, would have profound and far-reaching consequences for the economies of the Western bloc.⁹

(U) Political instability in the Middle East and the Gulf region threatened the continuing supply of oil to the West

Before the Cold War, the domestic politics of what later came to be called the Third 'World had made no impact on American foreign policy decisionmaking. During the Cold War, Washington could not afford the luxury of indifference because doing so would spur Soviet intrigue. Domestic politics almost anywhere abroad—and especially in strategically valuable areas—became important arenas for the international ideological struggle between East and West. Washington was determined to win this struggle through policies promoting long-term democratization. The result, American officials hoped, would be stability—and victory.

(U) Twisting the British Lion's Tail: Mohammed Mossadeq Nationalizes the Anglo-Iranian Oil Company

(U) An Islamic fundamentalist assassinated Iranian Prime Minister General Ali Razmara on 7 March 1951.¹¹ Razmara's death set in motion a series of events that were to bring American and British officials face to face with Mohammed Mossadeq, one of the most mercurial, maddening, adroit, and provocative leaders with whom they had ever dealt.¹²

⁸(U) One of the reasons the British Government eventually took over D'Arcy's concession when he ran into financial difficulties was to ensure a secure supply of oil for the Royal Navy. See, Daniel Yergin, *The Prize: the Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991), pp. 137, 140-42, 151.

⁹(U) NIE-14, 8 January 1951, *The Importance of Iranian and Middle East Oil to Western Europe Under Peacetime Conditions*, pp. 1-2. CIA estimated that if all Middle Eastern oil were lost, the non-Soviet world would have to impose an immediate and mandatory 10% cutback in consumption. In that event, the United States would have to implement rationing even though domestic production in those days met its own needs.

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(U) Mossadeq's immediate concern was a struggle for control of the Anglo-Iranian Oil Company (AIOC). By 1950 the British oil concession in Iran, which the Shah had renewed in 1949, was a sore point in relations between the two countries. In March 1951, when Mossadeq was a member of the Majlis (the Iranian Parliament), he submitted a bill, which the Majlis quickly passed, nationalizing AIOC. He signed the bill into law on 1 May 1951, just three days after the Shah appointed him Prime Minister. Nationalization went into effect on 2 May 1951 and was made retroactive to 20 March 1951.

(U) AIOC's nationalization brought Mossadeq and Iran into immediate conflict with Britain. The British government owned half of AIOC's stock and did not intend to let Mossadeq nationalize its assets without adequate compensation as required under international law.¹⁴

(U) Britain Responds to "The Antics of Incomprehensible Orientals"

(U) The two countries tried to resolve the dispute, but differing negotiating styles and the personalities involved hindered these efforts. Many Britons found Mossadeq's seemingly impossible demands and unpredictably shifting arguments inexplicable. L.P. Elwell-Sutton captured the mood of British policymakers at the time when he wrote, 'Really, it seemed hardly fair that dignified and correct western statesmanship should be defeated by the antics of incomprehensible orientals.'¹⁵

(U) Mossadeq found the British evil, not incomprehensible. He and millions of Iranians believed that for centuries Britain had manipulated their country for British ends. Many Iranians seemed convinced that British intrigue was at the root of every domestic misfortune. In 1951 Mossadeq told US Special Envoy W. Averell Harriman, "You do not know how crafty they [the British] are. You do not know how evil they are. You do not know how they sully everything they touch." Harriman protested that surely the British

[

¹⁵(U) L.P. Elwell-Sutton, *Persian Oil: A Study in Power Politics* (London: Lawrence and Wishart Ltd., 1955), p. 258.

were like people everywhere; some bad, some good. Mossadeq was not persuaded. "You do not know them," he insisted. "You do not know **them**."¹⁶

(U) When it seemed clear that Tehran had no intention of compensating London for AIOC's assets, the British mounted a multi-pronged effort to reassert control over the company. They hoped legal and economic pressure would convince Mossadeq to settle on British terms. If not, they were prepared to force him from office and replace him with someone open to compromise on terms favorable to the AIOC.

(U) London first asked the International Court of Justice to arbitrate the dispute. Mossadeq rejected two British proposals because neither of them addressed the issue of Iran's sovereignty over its own oil. The British thereafter refused to deal directly with Mossadeq. They used economic weapons and then tried ostentatious military maneuvers in the Persian Gulf to try to weaken Mossadeq's negotiating position.

(U) In September 1951, Britain placed an embargo on shipments of steel, sugar, iron, and oil-processing equipment shipments to Iran—that is, on almost anything that the Iranians could exchange for dollars. The AIOC laid off 20,000 oil workers at the port at Abadan and Mossadeq had to put them on the government payroll. Gradually, the flow of Iranian oil to the rest of the world stopped.

(U) A British airborne brigade arrived in Cyprus and a Royal Navy cruiser and four destroyers exercised near the oil facilities at Abadan. The display of British force did not intimidate Mossadeq; he announced that the first shot would start a world war.

(U) Britain also considered covert action options while it maneuvered diplomatically and militarily. According to C.M. Woodhouse, MI6's Chief of Station in Tehran, the idea of overthrowing Mossadeq came from the Foreign Office, not British intelligence. Woodhouse himself thought that any move against Mossadeq had to have American support and participation. London had neither until the inauguration of President Dwight Eisenhower in January 1953.¹⁷

¹⁶(U) Vernon A. Walters, *Silent Missions* (Garden City, N.Y.: Doubleday, 1978), pp. 247-48.

¹⁷(U) C.M. Woodhouse, *Something Ventured* (London: Granada, 1982), pp. 110-111.

(U) Mossadeq Challenges the Shah

(U) At the same time that he was quarreling with the British, Mossadeq also was struggling against the Shah. He insisted that the Shah should reign and not rule. To that end, he worked to enhance the power of the Majlis at the Shah's expense. The flash point came in July 1952, when Mossadeq resigned during a dispute over whether the Shah or the Prime Minister should appoint the war minister.

(U) During the elections for the 17th Majlis earlier in the year, vote-tampering by the Iranian Royal Court had convinced Mossadeq that the government's survival depended on control of the military. On 16 July he demanded the right to appoint himself minister of war. The Shah refused and Mossadeq resigned.¹⁹ Mossadeq appealed directly to the public and accused the Shah of violating the Constitution.

(U) Mossadeq's resignation initially appeared to be a shrewd political move that underscored his mastery of Iranian politics and his ability to gauge and exploit public opinion. The Shah appointed Ahmad Qavam, Prime Minister during the Azeri crisis with the Soviet Union in 1947, to succeed Mossadeq. In response, the National Front, a broad coalition formed in 1949, organized mass demonstrations in Tehran demanding Mossadeq's return. The demonstrations turned violent—69 people died and more than 750 were injured—but the Shah refused to use the police or the military to restore order. Qavam lacked broad support and was unable to organize counter-demonstrations. For five days the National Front controlled the streets of Tehran and other cities. On 21 July 1952 the Shah bowed to the pressure and replaced Qavam with Mossadeq.²⁰

(U) Once back in power, Mossadeq struck back at the Shah and the military. He transferred Reza Shah's lands back to the State, appointed himself Minister of War, forced the Shah's twin sister Princess Ashraf to leave the country, and forbade Mohammed Reza Pahlavi from communicating directly with foreign diplomats. By May

¹⁹(U) M. Reza Ghods, *Iran in the Twentieth Century: A Political History* (Boulder, CO: Lynne Rienner Publishers, 1989), p. 186. Mossadeq wrote

I cannot continue in office without having the responsibility for the Ministry of War, and since Your Majesty did not concede to this, I feel I do not enjoy the full confidence of the Sovereign and, therefore, offer my resignation to pave the way for another government which might be able to carry out Your Majesty's wishes.

(U) Sepehr Zabih, *The Mossadegh Era* (Chicago: Lake View Press, 1982), p. 40.

²⁰(U) *Ibid.*, p. 265. The National Front was a loose coalition of political parties professing liberal democratic aims and opposing foreign intervention in Iranian affairs. The National Front included the leftist, anti-Soviet intellectuals of the Iran Party; the workers and leftist intellectuals of the Toilers' Party; and the workers, bazaar merchants, and Islamic clergy of the Mujahedeen-i-Islam (Warriors of Islam) Party. Ayatollah Abul Quassem Kashani, later instrumental in the coup against Mossadeq, was one of the leaders of the Warriors of Islam. The ultranationalist Pan-Iranist Party, affiliated with the National Front but not a member, included many lower class toughs. The Tudeh (Iranian Communist Party) was not a member of the National Front but included itself among the parties opposing the government. Mark J. Gasiorowski, "The 1953 Coup d'etat in Iran," *International Journal of Middle East Studies* 19 (Aug. 1987): 262.

1953, according to Iranian specialist Ervand Abrahamian, "the shah had been stripped of all the powers he had fought for and recovered since August 1941."²¹

(U) The Prime Minister also seized the opportunity to purge the Iranian officer corps. He forcibly retired many Royalist officers, and cut the military budget 15%. To add to the insult, Mossadeq transferred 15,000 men from the military to the Gendarmerie, the military's bureaucratic rival. These acts fueled smoldering resentment among the dismissed ~~officers~~ and those few royalists escaping Mossadeq's purge.²²

(U) Mossadeq used his popularity and ability to control the streets of Tehran to good advantage. When the British appeared intransigent during the oil negotiations, he simply severed diplomatic relations in October 1952. All British personnel left the country in an overland exodus at the beginning of November 1952.²³

(U) Mossadeq's apparent political triumph rapidly turned sour. The National Front began to unravel in late 1952 and early 1953 as the Prime Minister grew increasingly dictatorial. By November 1952, Ayatollah Abul Quassem Kashani, a key Islamic cleric in the National Front, had turned against Mossadeq and quit the Front, as had Mozaffar Baqai's Toilers' Party. Kashani's defection was a particularly hard blow because his group, the Warriors of Islam, included the bazaar merchants of Tehran and many mullahs (Islamic clerics). Support from these two groups historically has been critical to Iranian governments.²⁴

(U) The reasons for the defections were complex. Although 30 of the 79 deputies of the 17th Majlis, convened in February 1952, belonged to or identified with the National Front, they represented different constituencies and interests were united only in their opposition to the British. In addition, nationalization of the ~~AIOT~~ did not produce the bonanza for Iran that Mossadeq had hoped it would. He began to demand more and more power from the Majlis, and when the legislature granted the Prime Minister what amounted to dictatorial powers, Ayatollah Kashani resigned as Majlis speaker. Toilers' Party leader Mozaffar Baqai compared Mossadeq to Hitler and praised the army as a bulwark against Communism.²⁵

(U) Some groups in the National Front continued to back Mossadeq. The Iran Party still supported him, as did the Third Force, a splinter group expelled from the Toilers' Party.²⁶ The Prime Minister also could still count on the backing of the Qashqai

²¹(U) Ervand Abrahamian, *Iran Between Two Revolutions* (Princeton, NJ: Princeton University Press, 1982), pp. 272-73.

²²(U) *Ibid.*, p. 273.

²³ (U) Before leaving the country, C.M. Woodhouse ensured that all British contacts, like the Rashidian Brothers, would remain active. Roger Goiran helped him. Woodhouse, p. 116.

²⁴ (U) Manucher Farmanfarmaian in his memoirs describes the bazaar and the relationship of its merchants with the mullahs. "It [the bazaar] was a world unto itself, impregnable to the army, which could not easily enter its labyrinthine alleys. The leaders of the bazaar were weighty men, often tightly allied with the mollahs, and they could start riots or shut down the bazaar to instant political effect." Manucher Farmanfarmaian and Roxane Farmanfarmaian, *Blood and Oil: Memoirs of a Persian Prince* (New York: Random House, 1997), p. 36.

²⁵(U) Abrahamian, pp. 269, 277; Gasiorowski, p. 269.

²⁶(U) Abrahamian, p. 277; Gasiorowski, p. 269.

tribes and—more ominously—the Tudeh, Iran's Communist ~~Party~~. As support for Mossadeq narrowed, the Tudeh would soon be the only group willing to take to the streets on his behalf

(U) Ayatollah Kashani's defection and increased squabbling among the deputies effectively paralyzed the Majlis. Opposition politicians—including former Mossadeq allies like Kashani—blocked the Prime Minister's legislation. In early June 1953, fistfights broke out in the Majlis. The Prime Minister won a temporary victory when Abdullah Moazemi, a Mossadeq supporter, succeeded Kashani as speaker in a close Majlis vote (41 to 31) on 1 July 1953. Mossadeq recognized, however, that the Majlis was hopelessly deadlocked and that dissolution and new elections were necessary to break the stalemate.²⁷

(U) Under the Iranian constitution only the Shah could dissolve the Majlis. The government could request him to do so. Mossadeq knew the Shah would not agree to such a proposal, so he devised a plan to achieve the same end. He asked all National Front members and supporters to resign, which they did, and simultaneously announced the dissolution of the Majlis. The Iranian people, he held, could ratify or reject his decision in a referendum on the theory that popular will superseded the constitution. Iranian scholar Ervand Abrahamian has noted the irony in Mossadeq's rationale. "Mossadeq, the constitutional lawyer who had meticulously quoted the fundamental laws against the shah," Abrahamian wrote, "was now bypassing the same laws and resorting to the theory of the general will."²⁸

(U) From 3 to 10 August 1953, Iranians voted on Mossadeq's bold and unconstitutional act. The results of the rigged election were never in doubt. Mossadeq purposely excluded rural areas from the balloting, ostensibly because it would take too long to count the votes from remote areas. The ballot was not secret, and there were separate polling places for "yes" and "no." In the end, Mossadeq claimed victory, gaining "over 2,043,300 of the 2,044,600 ballots cast throughout the country and 101,396 of the 101,463 ballots cast in the capital."²⁹

(U) The dissolution of the Majlis and the tainted referendum alienated Iranian liberals and conservatives alike. Jamal Imami, a pro-British member of the Majlis, warned that Mossadeq was leading the country toward anarchy. Ayatollah Kashani declared the referendum illegal under Islamic religious law. At his trial in late 1953, Mossadeq defended his actions on the grounds of popular sovereignty. "In view of the Royal Court's flagrant interference in the electoral process, we had to suspend the

²⁷(U) Mark J. Gasiorowski, *U.S. Foreign Policy and the Shah: Building a Client State* (Ithaca, NY: Cornell University Press, 1991), p. 75.

²⁸(U) Abrahamian, p. 274; M. Reza Ghods, *Iran in the Twentieth Century: A Political History* (Boulder, CO: Lynne Rienner Publishers, 1989), p. 187.

²⁹(U) Zabih, p. 111; Abrahamian, p. 274. See also, Homa Katouzian, *Musaddiq and the Struggle for Power in Iran* (New York: I.B. Tauris & Co. Ltd.), pp. 187-88. In an interview appearing in the 22 August 1962 issue of *Deutsche Zeitung*, Mossadeq admitted that he dissolved the Majlis to avoid a confidence vote that would have caused his government to fall.

remainder of the Majlis elections," he told the court. "What else was left to us but consulting the people in a most democratic method of direct plebiscite?"³⁰

(U) A US Embassy assessment cabled to Washington shortly after the referendum stated that the dissolution of the Majlis "will graphically demonstrate truism of [Mossadeq's] regime that as opposition and discontent have mounted, Mossadeq has moved steadily in authoritarian direction using technique of mobocracy to maintain his hold on power and to eliminate influence Shah." Nonetheless, the Embassy thought Mossadeq's continued appeals to the street could boomerang because he lacked "any real authoritarian organization aside from armed forces." To compensate, according to the Embassy, he would be forced to rely increasingly on the Tudeh, thereby alienating the non-Communist followers of his Government.³¹

(U) Mossadeq Looks for American Support

(U) Mossadeq hoped for US support in his struggle against the British. Like many in the Third World immediately after World War II, he saw the United States as an anti-colonial power. His hopes were not entirely misplaced; the Truman administration saw some merit in his position.

(U) Secretary of State Acheson thought that the British were overly preoccupied with their oil interests and that London did not fully understand the broader Communist threat. He saw Mossadeq as a potentially important part of the solution to the problem of Soviet influence in the Middle East. In Acheson's view, the Iranian Prime Minister would in time become an effective bulwark against Soviet penetration into Iran. To that end, Washington consistently urged London to reach an equitable settlement with Tehran. Acheson apparently was convinced that an agreement would strengthen the Iranian government and promote regional stability.³²

(U) Other considerations, however, complicated the Truman administration's approach. The United States was loath to side publicly with Iran or put excessive pressure on London. Washington needed cooperation and support from Britain—America's closest ally—elsewhere in the world. The war in Korea was not yet over, and the presence of British combat troops was an important symbol of Anglo-American solidarity. The North Atlantic Treaty Organization (NATO), created in 1949, was still in its formative stages and depended upon British participation as evidence of Western unity

³⁰(U) Ghods, p. 188; Zabih, pp. 112-13. For Kashani's views on the Shari'a, see Katouzian, *Musaddiq and the Struggle for Power in Iran*, p. 187.

³¹(U) Department of State Cable from Tehran to Secretary of State, No. 300, 12 August 1953. National Archives and Records Administration Record Group 319, Entry 57, box 27.

³²(U) Acheson criticized "the unusual and persistent stupidity of the [Anglo Iranian Oil] company and the British Government" when it came to Iran. See, Dean Acheson, *Present at the Creation: My Years in the State Department* (New York: W. W. Norton & Company, Inc., 1969), p. 501, quoted in Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991), p. 453. Richard W. Cottam, *Iran & the United States: A Cold War Case Study* (Pittsburgh: University of Pittsburgh Press, 1988), p. 102.

and determination. Vigorous American support for Mossadeq would have complicated American foreign policy in other parts of the world as well.

(U) President Truman had no patience with those refusing to view the Anglo-Iranian problem in a global context. When the US Ambassador to ~~Iran~~, Henry Grady, wrote to Truman complaining that the White House was not listening to his advice, the President let him know exactly where he stood. "Let me tell you something about the Iranian Situation from this end," he wrote.

(U) [we] held Cabinet meetings on it—we held Security Council meetings on it, and Dean, Bob Lovett, Charlie Sawyer, Harriman and all the senior staff of the Central Intelligence discussed that awful situation withmetimeandagain. . . We tried . . . togettheblockheaded British to have their oil company make a fair deal with Iran. No, they could not do that. They know all about how to handle it—we didn't according to them.

(U) We had Israel, Egypt, Near East defense, Sudan, South Africa, Tunisia, the NATO treaties all on the fire. *Britain and the Commonwealth Nations were and are absolutely essential if these things are successful.* Then, on top of it all we have Korea and Indo-China. Iran was only one incident. Of course the man on the ground in each one of these places can only see his own problem.³³

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³³(U) Farhad Diba, *Mohammad Mossadegh: A Political Biography* (London: Croom Helm, 1986), pp. 131-32, citing papers of Henry Grady. *Emphasis added*

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(U) In February 1921, Persia, as Iran was then known, and the Russian Soviet Eeaeated Socialist Republic (RSFSR) [the USSR did not exist until December 1922] signed a treaty of friendship. Article VI gave the RSFSR the right to send troops into Persia if a third party tried to use that country as a base from which to attack Soviet Russia. Russian troops would cross the border only if Persia proved incapable of removing the threat itself. In an exchange of explanatory notes in December 1921, the Russians made clear that the treaty applied "only to cases in which preparations have been made for a considerable armed attack upon Russia . . . by the partisans of the regime which has been overthrown [the Tsarist Government] or by its supporters . . ." Leonard Shapiro, ed., *Soviet Treaty Series: A Collection of Bilateral Treaties, Agreements and Conventions, Etc., Concluded Between The Soviet Union and Foreign Powers*, vol. 1, 1917-1928 (Washington, DC: The Georgetown University Press, 1950), pp. 92-94, 150-51.

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(U) Although the documents in CIA's files do not indicate that Smith relayed Langer's concerns to President Truman, he evidently did so because the administration subsequently let London know that the US Government disapproved of **any military** action against Iran. At a British cabinet meeting in September 1951, the government of

(U) Strictly speaking, the **USSR** could not have invoked Article **VI** if a small British force occupied Abadan in 1951. Abadan is far from the Soviet-Iranian border and the few troops the British contemplated sending could not have made a "considerable **armed** attack" upon Soviet forces. Nonetheless, there is no doubt that the USSR **would** have found some pretext to occupy northern **Iran** had **Stalin** desired.

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Prime Minister Clement Attlee decided that it "could not afford to break with the United States on an issue of this kind."³⁹ A potential military crisis had passed.

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³⁹(U) H.W. Brands, *Inside the Cold War: Loy Henderson and the Rise of the American Empire, 1918-1961* (New York: Oxford University Press, 1991), p. 234.

⁴⁰(U) Henry A. Byroade, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs; John D. Jernegan, Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs; Charles E. Bohlen, Counselor of the Department of State and member of the Senior Staff, National Security Council; Robert P. Joyce, Policy Planning Staff, Department of State.

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(U) As of November 1952, CIA's Office of National Estimates thought that Mossadeq would remain in power for the near future and that a Tudeh coup was unlikely. According to an ONE estimate, if the unrest plaguing Iran in 1952 continued through 1953, "rising internal tensions and continued deterioration of the economy and of the budgetary position of the government might lead to a breakdown of government authority and open the way for at least a gradual assumption of control by Tudeh." ONE thought Soviet intervention into Iran was unlikely "unless there is a far more serious deterioration of Iranian internal stability than is foreseen in this estimate. However, the USSR has the capability for greatly increasing its overt and covert interference in Iran at any time, to the detriment of US security interests."⁴⁶

(U) During the last two months of 1952, both ONE and the Iran Branch of the DDP watched events in Iran and hoped things would not change radically. Their hopes were soon dashed.

(U) Foggy Bottom's Differences with Whitehall

(U) As the foregoing indicates, Washington and London had fundamentally different perspectives on the events in Iran and on their consequences worldwide. These differences complicated the State Department's and Foreign Office's search for a common policy. At times the problems must have appeared insolvable.

(U) In January 1952 an internal memorandum in the State Department's Office of Greek, Turkish, and Iranian Affairs identified two areas of disagreement. The United States and the United Kingdom had differing views on the strength of nationalism in Iran (and therefore on Mossadeq's political strength), and on the global consequences of Tehran's failure to reach an oil settlement with London.⁴⁷

(U) The State Department recognized that Iranian nationalism was a potent and growing force, making an oil settlement on British terms unattainable even if Mossadeq fell. In contrast, the British disparaged Iranian nationalism as merely a "passing storm."

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⁴⁶(U) Office of National Estimates, "Probable Developments in Iran Through 1953," NE-75, 13 November 1952.

⁴⁷(U) Memorandum, "Varying British and American Appraisals of the Iranian Situation," 14 January 1952, Office of Greek, Turkish, and Iranian Affairs, Department of State, RG 59, Records of the Department of State, Records of the Office in Charge of Iranian Affairs, 1946-54, Lot 57, D 529, Box 40, National Archives and Records Administration.

It had no roots and would "pass and its leaders fall as soon as it is demonstrated that their policies have brought Iran to the brink of ruin."⁴⁸

(U) More specifically, American officials feared that a British failure to compromise with Mossadeq would enable him to whip up Iran's virulent nationalism further, with potentially disastrous results. The West might well lose so much of its influence that it could not stop Tehran from moving the Soviet orbit. Or the Iranian political situation could simply descend into chaos, in which case the Soviet-backed Tudeh—Iran's best organized, best financed, and most effective political organization—would be ready to fill the vacuum. In the State Department's view, such developments would jeopardize the security and stability of the entire Middle East, would serve notice that the West could not preserve the independence of important Third World states, and could deprive the West not only of Iran's oil but ultimately that of its Arab neighbors as well.⁴⁹

(U) In contrast, the British regarded Iran as basically a conservative country that would not seek Soviet help nor collapse internally if London held out for the kind of oil settlement it wanted. The British also feared that a "bad" settlement (one not on their terms) would severely diminish their global political and economic power, already starting to decline with the post-World War II emergence of independence movements in much of the British empire.⁵⁰

(U) The only suggestion for resolving these differences offered in the State Department's internal memorandum further consultation to determine the "political, military, economic, and psychological effects of the loss of Iran to the west as balanced against the political and economic effects of an agreement with the Iranians on the oil situation which might prejudice other concessions elsewhere and diminish British prestige throughout the world." The memorandum concluded "that unless the US and United Kingdom agreed on the importance to the West of an independent Iran, there was little chance the two would be able to forge a common policy."⁵¹

(U) Eleven months later the National Security Council set forth basic US policy toward Iran. NSC 136/1 emphasized that the United States was committed to preventing Iran from falling under communist control and that Iran's strategic position, its oil, and its vulnerability to Soviet political subversion or military attack made it a tempting target for Soviet expansion. If the Tudeh Party seized or attempted to seize control of the Iranian government, the document argued, the United States should, in conjunction with the British, be ready to support a non-communist Iranian government militarily, economically, diplomatically, and psychologically.⁵²

⁴⁸(U) Ibid.

⁴⁹(U) Ibid. The State Department memorandum noted that American influence was waning daily as more and more Iranians identified the United States with British interests. The State Department assessed British influence as negligible.

⁵⁰(U) Ibid.

⁵¹(U) Ibid.

⁵²(U) United States Department of State, *Foreign Relations of the United States 1952-1954*, Vol. X, *Iran 1951-1954* (Washington, D.C.: US Government Printing Office, 1989), pp. 529-34.

(U) American Policy Turns Against Mossadeq

(U) Dwight Eisenhower did not immediately turn his attention to Iran after taking the oath of office in January 1953. His campaign pledge to end the Korean war had priority, and only weeks after the inaugural festivities Soviet dictator Joseph Stalin died. The new administration was faced with reevaluating Soviet-American relations. Under these circumstances, events in Iran receded into the foreign policy background—temporarily.⁵³

(U) The British had never given up hope of executing a covert action to remove Mossadeq, and continued to test the American response. After Mossadeq severed diplomatic relations with Britain in October 1952, the indefatigable Woodhouse met in London with Foreign Office officials, including Anthony Eden, to consider options available to Britain. According to Woodhouse, Eden said that no covert operation would succeed unless it had American support. Woodhouse “took his words as tantamount to permission to pursue the idea further with the Americans, particularly with the CIA.” This he did, arriving in Washington in mid-November 1952 after Dwight Eisenhower’s victory.⁵⁴

⁵³(U) Brands, p. 272.

⁵⁴ (U) Woodhouse, pp. 116-17.

⁵⁵ (U) Ibid., p. 119.

(U) President Truman's and Secretary Acheson's policy of encouraging the parties to reach an equitable oil settlement had reached a dead end. Neither the British nor Mossadeq appeared willing to back off from their publicly stated positions, which each by this time held with something approaching religious fervor. To London's relief, the new US administration abandoned the search for a negotiated end to the crisis. Perhaps now, the British hoped, Washington would finally begin to see Mossadeq as the demagogue London thought he was and take appropriate action.

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(U) ~~Also in March 1933, State Department officials and British Foreign Minister~~

Anthony Eden met to discuss the Iranian situation. Eden found the Americans much more receptive to the British viewpoint ~~than~~ they had been under Truman and Acheson. The collapse of the Anglo-Iranian oil negotiations had changed the Americans' attitude; Washington now considered Mossadeq a source of instability and feared that his continued tenure invited a Tudeh coup.

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(U) The United States suspected the Soviets of trying to take advantage of the deteriorating situation in Iran. In the US view, Soviet leaders undoubtedly saw Mossadeq's troubles as a diplomatic opening, and if he wanted to try to play Moscow against Washington, the Soviets would let him. The Kremlin would help him. The

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58 (11) Cottam, p. 103

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potential benefits to the Soviets of cultivating Mossadeq were great: a docile southern neighbor at a minimum, and beyond that, a chance to draw a strategically important country into the Soviet sphere of influence.

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By the time the Soviet negotiations were never held. On the day he met with Jernegan, Saleh could not know that the Mossadeq government would remain in power

only eight more days. President Eisenhower apparently had already made the decision to oust the Iranian Prime Minister.

(U) Mossadeq's Successor: Ayatollah Kashani or Fazlollah Zahedi?

(U) At this point, there was no consensus on who should replace Mossadeq. US officials briefly considered backing Ayatollah Kashani, the former Mossadeq ally, who had a large following and had become a strident opponent of the Prime Minister.

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(U) Opinion gradually settled on General Fazlollah Zahedi as Mossadeq's successor. Zahedi had served as an irregular soldier under the Shah's father, Reza Shah, in 1915 and subsequently rose through the ranks of the Iranian Army. In 1942 the British arrested him for his activities under Nazi agent Franz Mayer and deported him to Palestine. Zahedi worked for the Germans because of his anti-British views; he was not generally thought to be pro-Nazi. The British released him on VE Day in 1945. Zahedi retired from the army in 1949 and subsequently served in a series of mostly honorary posts. He was Minister of the Interior in the early 1950s.

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~~Iranians~~ on the public scene [not] noted for honesty, consistency, reliability and strength of convictions."⁶³

(U) The State Department recognized that he was not the ideal candidate, but was qualified because he seemed "friendly to the United States and **Britain** and would be acceptable to both Governments."⁶⁴ Even more importantly, he was willing to take the job.

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(U) Whoever succeeded Mossadeq would be able to count on US support. In March **1953**, an internal memorandum by the State Department's Office of Greek, Turkish, and Iranian Affairs outlined the steps the United States was likely to take if Mossadeq fell. Although American officials would limit their public pronouncements to expressions of unwillingness to interfere in the internal affairs of another country, privately they would use non-US channels to assure the Shah and new prime minister that Washington was eager to help. Sensitivity to Iranian concerns that the country was being turned into a foreign base would preclude ostentatious and immediate American military assistance, but privately the Americans could assure Tehran that meaningful military aid (trucks, communication equipment, and other items that also had civilian **uses**) would be forthcoming.⁶⁶

(U) Eisenhower Turns to CIA

(U) President Eisenhower had several options for implementing Mossadeq's removal. He could use military force to invade Iran, but that was impractical for obvious reasons. He could keep hoping that a diplomatic solution would appear. That option too was not viable; diplomacy had already failed and the political situation in Iran was worsening daily. Finally, he could turn to CIA for a covert political operation; the National Security Council had decided that covert action was a legitimate instrument of US policy.⁶⁷ **This** alternative held the promise of attaining the result the administration

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⁶⁶(U) "Measures Which the United States Government Might Take in Support of a Successor Government to Mosadeq," March **1953**, Department of State, Office of Greek, Turkish, and Iranian Issues, RG 59, Lot 57, D 529, Box 40, National Archives and Records Administration

⁶⁷(U) In NSC 10/2.

wanted with a minimum of cost and attention. If such an operation went sour, Washington could disavow any knowledge or connection.

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(U) Available documents do not indicate who authorized CIA to begin planning the operation, but it almost certainly was President Eisenhower himself. Eisenhower biographer Stephen Ambrose has written that the absence of documentation reflected the President's style:

(U) Before going into the operation, Ajax had to have the approval of the President. Eisenhower participated in none of the meetings that set up Ajax; he received only oral reports on the plan; and he did not discuss it with his Cabinet or the NSC. Establishing a pattern he would hold to throughout his Presidency, he kept his distance and left no documents behind that could implicate the President in any projected coup. But in the privacy of the Oval Office, over cocktails, he was kept informed by Foster Dulles, and he maintained a tight control over the activities of the CIA.⁶⁹

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⁶⁹(U) Stephen E. Ambrose, *Eisenhower*, vol. 2, *The President* (New York: Simon and Schuster, 1984), p. 111. Ambrose repeats this paragraph verbatim in *Eisenhower: Soldier and President* (New York: Simon and Schuster, 1990), p. 333.

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Chapter 32

(U) Planning the Operation

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(U) —Kermit "Kim" Roosevelt, grandson of President Theodore Roosevelt, was the chief of NEA Division, ~~headed the Division~~.

—A 1938 Harvard graduate, Roosevelt had embarked on a scholarly career teaching government to undergraduates — first at Harvard and then at the California Institute of Technology. He joined the Office of Strategic Services (OSS) during World War II and worked for the chief of the organization's Secret Intelligence Branch in the Near East. After the war he compiled the official OSS war report and then returned to the Middle East as a writer for the Saturday Evening Post.² In 1947 he published *Arabs, Oil, and History: The Story of the Middle East*.³ C.M. Woodhouse of MIS wrote in his memoirs that Roosevelt "had a natural inclination for bold and imaginative action, and also a friendly sympathy with the British."⁴

¹(U) The name went through several permutations before settling on Near East and Africa Division.

²(U) Burton Hersh, *The Old Boys: The American Elite and the Origins of the CIA* (New York: Charles Scribner's Sons, 1992), p. 331; G.J.A. O'Toole, *Honorable Treachery: A History of U.S. Intelligence, Espionage, and Covert Action from the American Revolution to the CIA* (New York: The Atlantic Monthly Press, 1991), p. 458; Who's Who, 1964-65.

³(U) Kermit Roosevelt, *Arabs, Oil, and History: The Story of the Middle East* (Port Washington, NY: Kennikat Press [1947] 1969).

⁴ C.M. Woodhouse, *Something Ventured* (London: Granada, 1982), p. 120.

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9(U) Although CIA almost certainly would have hired him as a permanent staff employee, Wilber refused and preferred to work under contract. He lived in Princeton and did not wish to leave. A contract enabled him to work at CIA without requiring him to move to Washington. Wilber continued his contract relationship with CIA until the 1960s.

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(U) The Americans Review the Preliminary Plan
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(U) According to the military attaches, it was important to recognize the difference between allegiance and control. The Shah enjoyed the allegiance of almost all Iranian **Army** officers; they had been raised to regard their monarch as a symbol of loyalty and patriotism. Whether he wielded any "control" was more problematic. His failure to assert himself against Mossadeq was causing confusion and consternation as officers risked their careers by backing him against the Prime Minister. The attaches concluded that "if the Shah were to give the word, probably more than 99% of the officers would

“(U) M 1/5 from USARMA Tehran to Department of the Army, Department of the Air Force, Department of the Navy, “Control of the Armed Forces of Iran,” 11 August 1953, National Archives, RG 319, Entry 57, box 27. The distribution list shows that CIA received nine copies of the attachés’ assessment.

comply with his orders with a sense of relief and with the hope of attaining a state of stability."²⁸

(U) Mossadeq, through Army Chief of Staff General Riahi, a Mossadeq loyalist, actually controlled the Army. Iranian officers considered legal—and would obey—any order of the Shah coming from the Chief of Staff. The officer corps considered the Shah's silence about the Chief of Staff's actions as implied consent. Failure to follow orders even under these conditions was tantamount to treason. The American military attachés concluded that if the Shah opposed the Chief of Staff, or if the Chief of Staff with the Shah's support opposed the Prime Minister, Mossadeq's control of the Army would evaporate.²⁹

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²⁸(U) Ibid.

²⁹(U) Ibid.

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(U) The First Phase: Convincing the Shah

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³⁴(U) Schwarzkopf ~~was~~ the father of the American general of the same name who led US and Coalition forces in the 1991 Gulf ~~war~~ against Iraq.

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⁴⁵(U) Donald N. Wilber, *Adventures in the Middle East: Excursions and Incursions* (Princeton, NJ: Darwin Press, 1986), p. 189.

⁴⁶(U) The Shari'a is Islamic religious law, intended to guide all aspects of social activity. See, William O. Beeman, "Patterns of Religion and Economic Development in Iran from the Qajar Era to the Islamic Revolution of 1978-79," in *Global Economics and Religion*, ed. James F. Farn (New Brunswick, NJ: Rutgers University Press, 1983), p. 78.

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(U) H.W. Brands, *Inside the Cold War: Loy Henderson and the Rise of the American Empire 1918-61* (New York Oxford University Press, 1991), p. 282.

(U) Final Approval

U ~~S~~ On 25 June 1953, senior foreign policymaking officials met at the State Department to hear Roosevelt outline the final plan for TPAJAX. President Eisenhower did not attend, but other top officials did: Secretary of State John Foster Dulles; Secretary of Defense Charles Wilson; DCI Allen Dulles; Undersecretary of State and former DCI Walter Bedell Smith; Deputy Undersecretary of State Robert Murphy; Robert Bowie, head of the State Department's policy planning staff (and subsequent CIA Deputy Director of Intelligence in the late 1970s); Henry Byroade, Assistant Secretary of State for the Middle East; and US Ambassador to Iran Loy Henderson.⁶¹

(U) After Roosevelt's briefing, Secretary of State Dulles polled the meeting. Allen Dulles and Walter Bedell Smith were strongly in favor of proceeding; the others agreed but were less enthusiastic. Henderson did not like covert operations but thought the United States had no choice in this case.⁶²

(U) Nor did CIA have to notify Congress of its impending operation. Allen Dulles may have informally told key Senators like Richard Russell, as well as key members of the House of Representatives, what the Agency was doing, but CIA's files contain no record of these conversations.

⁶¹(U) Brands, p. 281. Eisenhower's absence should not be read as passivity or disinterest. The President knew what was going on but preferred to keep himself out of all formal deliberations. His orders and briefings were given orally with no record kept.

⁶²(U) In December 1974 the Hughes-Ryan Amendment required a Presidential "finding" for each covert action, and President Gerald Ford's Executive Order 11095 (16 February 1976) required that the Executive Office notify Congress of all Presidential findings.

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Chapter 3

(U) Execution and Initial Failure

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(U) The absence of relevant intelligence in Carroll's file is curious. Foreign intelligence assets, not covert action assets, collect the sorts of information Carroll needed. Two possible reasons explain the paucity of information. Either the foreign intelligence assets ~~had~~ not been tasked properly, or, ~~as~~ is more likely, their focus up to this time had been on the Soviet Union and its activities rather than on ~~Iranian~~ activities. The USSR invariably ~~was~~ the main target of the American intelligence effort, and most if not all of CIA's foreign intelligence assets in Tehran were almost ~~certainly~~ trying to collect information on the Soviets.

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(U) Securing the *Firmans*

(U) The first phase of the operation began on 15 July 1953, when Asadollah Rashidian went to the French Riviera to meet Princess Ashraf. He explained to her that Mossadeq posed a continuing danger for Iran and that she should convince her brother to dismiss ~~him~~. She was unenthusiastic.

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(U) The princess also was convinced that Mossadeq would do whatever he could to prevent her return. She had already written to the Prime Minister three times, saying that she wanted to come back to Iran because she could no longer afford to live in Europe. When she saw, with some prompting, that a surreptitious visit to the Shah might improve her chances of returning home permanently, she began to warm to the idea.

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(U) Princess Ashraf arrived in Tehran on 25 July 1953 and met with her brother four days later. She was unable to convince him to sign the *firman*s and left Tehran the following day.

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²³(U) The arrival of Soviet Ambassador Anatoly Lavrentiev in Tehran on 1 August 1953 probably heightened Washington's and Roosevelt's sense of urgency. Lavrentiev had been ambassador to Czechoslovakia in 1948 and had been behind the Communist coup that deposed pro-Western Czech President Benes. Lavrentiev replaced Ivan Sadchikov, who left Tehran for Moscow in July 1953.

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(U) Manucher Farmanfarmaian, a member of the Iranian nobility, was present when ~~Nassiri~~ brought the documents to the Shah and relates in his memoirs the circumstances of this historic event. One afternoon the Shah was relaxing outside with a circle of friends. A butler approached and whispered into the Shah's ear, and the Shah replied loudly, "Tell him to come in." A man in a dark suit whom Farmanfarmaian did not recognize appeared from behind some trees and, after a few words with the Shah, presented him with a document. The Shah asked if anyone had a pen; Farmanfarmaian offered his. After signing the document, the Shah noted that the pen would be worth much more now that he'd used it to sign the paper. "A fortune?" Farmanfarmaian joked. "Perhaps," the monarch replied. "Perhaps it will bring us all luck as well." Farmanfarmaian writes that he "found out later that the messenger had been sent by Kermit Roosevelt and the document the Shah had signed appointed General Zahedi prime minister."²⁸

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²⁶(U) Nassiri later became the head of SAVAK. In 1978, former Agency officer Miles Copeland met General Nassiri to discuss Ayatollah Khomeini and the deteriorating situation in Iran. Copeland found Nassiri "even stupider than Kim [Roosevelt] said he'd be." The General regaled Copeland with "fairly bloodthirsty details of how he could have put an end to the demonstrations within a week if only the Shah had given him free rein." Miles Copeland, *The Game Player: Confessions of the CIA's original political operative* (London: Aurum Press, 1989), p. 251.

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²⁸ (U) Manucher ~~Farmanfarmaian~~ and Roxane Farmanfarmaian, *Blood and Oil: Memoirs of a Persian Prince* (New York: Random House, 1997), p. 292. ~~Farmanfarmaian~~ says ~~that~~ the Shah signed the *firman* on a Sunday in the second week of August. This cannot be correct, for the *firman* was not signed until 13 August. The second Sunday in August was the ninth, and the third Sunday was the sixteenth.

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³⁰(U) Kermit Roosevelt, *Countercoup: The Struggle for the Control of Iran*, (New York McGraw-Hill, 1979), p. 171.

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³³(U) Ibid. (S). Wisner's idea of the "public" probably was narrow. Most Americans did not read *The New York Times* and could not have told him whether Iran was in the Middle East, South America, or North Carolina.

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(U) The original plan for a military operation had failed abysmally. Upon hearing of Nassiri's arrest, the principal anti-Mossadeq figures lost their courage. For example, General Batmangelich, who was to have captured Riahi's headquarters, turned back when he saw the troops surrounding the building. Batmangelich and Col. Akhavi soon found themselves under arrest. The Shah, for his part, left the summer palace in the suburbs of Tehran and flew to Baghdad via Ramsar.

³⁹In his memoirs, the **Shah** said:

However, following a pre-arranged plan, the Queen and I had left Tehran before learning of the revolution's success. It had been decided weeks before that if Mossadegh should use force to resist his deposition, we would temporarily leave the **country**. I had decided upon this move because I believed that it would force Mossadegh and his henchmen to show their real allegiances, and that thereby it would help crystallize Persian public opinion.

Mohammed Reza Pahlavi, *Mission for My Country* (London: Hutchinson & Co., 1961), p. 104.

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(U) Ambassador Henderson, who had left Iran to distance himself from the operation, returned to Tehran on 16 August. He immediately sought and received an audience with Mossadeq. The ambassador asked the Prime Minister if he believed the Shah had issued orders dismissing him and appointing Zahedi. Mossadeq replied that he had never seen such documents, that he would not believe them if he saw them, and that in any event the Shah ~~was~~ powerless to dismiss him. According to Mossadeq, the Shah could not, on his own authority, demand a change in the government. Notwithstanding the Iranian constitution's provision that the prime minister serves at the pleasure of the monarch, Mossadeq contended that his power came from the people rather than the Shah.⁴²

(U) At noon on Sunday 16 August, Mossadeq issued a brief statement over Radio Tehran: "According to the will of the people, expressed by referendum, the 17th Majlis is dissolved. Elections for the 18th session will be held soon." Minister of Foreign Affairs Hoseyn Fatemi held a press conference that afternoon in which he reviewed the events of the coup and announced that the Acting Minister of Court Abul Ghassem Amini had been

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⁴²(U) H.W. Brands, *Inside the Cold War: Loy Henderson and the Rise of the American Empire 1918-1961* (New York Oxford University Press, 1991), pp. 235, 285.

arrested.⁴³ Fatemi made several violent speeches virulently attacking the Shah and ordered the monarch's statues in Tehran torn down.⁴⁴

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Chapter 4

(U) Victory

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(U) Sunday 16 August: Roosevelt and the Station Regroup

(U) Roosevelt knew he held at least two powerful cards in the Shah's *firmans*. Although Zahedi was hiding from Mossadeq, under the Iranian Constitution he was the legal Prime Minister of ~~Iran~~ and Mossadeq was not. Roosevelt was convinced that if he could publicize and emphasize that theme, Mossadeq could not retain his illegal grip on power for long.

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¹(U) Love covered the entire crisis for *The New York Times*. His reports made the front pages of the newspaper from 17-24 August 1953.

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(U) TEXT BOX: "A Terrible, Terrible Coincidence" in Rome

(U) When the Shah arrived in Rome on 18 August, CIA faced a potential disaster. By coincidence, DCI Allen Dulles was there on vacation. When the Shah checked into the Excelsior Hotel, Dulles was standing next to him trying to do the same thing.

(U) John Waller remembers that he got a call from Frank Wisner between 0200 and 0300. Wisner was agitated. "He's gone to Rome," Wisner told Waller. "A terrible, terrible coincidence occurred. Can you guess what it is?" Waller could not.

(U) "Well," Wisner continued, "he went to the Excelsior Hotel to book a room with his bride, and the pilot, there were only three of them, and he was crossing the street on his way into the hotel. Guess, . . . can you tell me, I don't want to say it over the phone, can you imagine what may have happened? Think of the worst thing you can think of that happened."

(U) Waller said, "He was hit by a cab and killed."

(U) "No, no, no, no," Wisner responded impatiently, by this time almost wild with excitement. "Well, John, maybe you don't know, that Dulles had decided to extend his vacation by going to Rome. Now can you imagine what happened?"

(U) Waller answered, "Dulles hit him with his car and killed him"

(U) Wisner did not think it was funny. "They both showed up at the reception desk at the Excelsior at the very same moment. And Dulles had to say, 'After you, your Majesty.'"²⁵

(U) The meeting between Dulles and the Shah was completely fortuitous but fraught with embarrassment for the US Government and CIA had the news media learned of it. They did not, so the incident passed unnoticed. Wisner's reaction strongly suggests that the meeting was coincidental. It was unlikely that he would have called Waller at 0200 in a panic and revealed sensitive information over an open telephone line if there had been a plan for the DCI to meet the Shah in Rome.²⁶

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²⁶(U) In writing of this incident in *Gentleman Spy: The Life of Allen Dulles*, Peter Grose says that "Of all the conspiracy theories that later swirled around the personage of Allen Dulles, none has made a convincing case to accommodate this unfortunate proximity." Peter Grose, *Gentleman Spy: the Life of Allen Dulles* (Boston: Houghton Mifflin, 1994), p. 367.

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(U) At this point, members of Iranian *Zuhrkhaneh* (exercise clubs)—weightlifters, wrestlers, and acrobats—appeared at the head of the crowd. Their involvement was almost **certainly** the work of the Rashidian brothers and was a brilliant stroke that showed a profound understanding of Iranian psychology.

(U) Iranians idolize acrobats and weightlifters in the same way that many Americans idolize baseball, basketball, or football players. The sight of these men tumbling or exercising in unison with dumbbells drew a crowd in ~~an~~ astonishingly short time. Moreover, the country's most famous athlete, Shaban "Bi Mohk" (Shaban "the Brainless") Jaffari, was in the lead and began chanting pro-Shah slogans. The effect was electrifying. - 36

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[REDACTED] (U) The swelling crowd headed for the offices of the pro-Mossadeq and anti-American newspaper, *Bakhtar Emruz*. Security forces watched passively as the crowd demolished the newspaper's office. By 1000 the crowd was headed for Mossadeq's residence at 109 Kakh (Palace) ~~Street~~, which was ringed with tanks and troops loyal to the Prime Minister.

(U) The troops guarding the residence were unsure of what was happening. When confronted with the large, **angry** crowd, some of the soldiers opened fire. The fighting escalated as pro-Shah troops returned fire. Mossadeq climbed over the wall surrounding his house and escaped.

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(U) The size and fervor of the demonstrations were critical in encouraging the military to come down on the side of the Shah and Prime Minister Zahedi. Although some members of the officer corps opposed Mossadeq, Roosevelt could not be certain that their units would follow their orders in the absence of evidence that the general population would back them up. The Iranian army has a long tradition of waiting to see who controls the streets before it acts.

³⁸(S) Ibid., pp. 10.

³⁹(S) Ibid., p. 11.

⁴⁰(S) Ibid., p. 12.

(U) The broadcast in the afternoon of 19 August was confused and chaotic, but there was no doubt that pro-Shah forces had captured and were controlling Radio Tehran. The first indication came when the announcer said, "The people of Tehran have risen today and occupied all the government offices, and I am able to talk to you all through the help of the armed forces. The government of Mossadeq is a government of rebellion and has fallen."⁴¹ Seven minutes later, amid much confusion and shouting on the air, a Col. Ali Pahlavon said,

(U) Oh people of the cities, be wide awake. The government of Mossadeq has been defeated. My dear compatriots, listen! I am one of the soldiers and one of the devotees of this country. Oh officers, a number of traitors, like Hoseyn Fatemi, wants to sell out the country to the foreigners.

(U) My dear compatriots, today the Iranian royalists have defeated the demagogue government by which Fatemi was ruling. The Iranian nation, officers, army, and the police have taken the situation in their hands.

(U) Premier Zahedi will assume his post. There is no place for anxiety. Keep tranquil.⁴²

(U) The broadcast stopped. After seven minutes it continued with a woman shouting,

(U) Oh people of Iran, let the Iranian nation prove that the foreigners cannot capture this country! Iranians love the King. Oh tribes of Iran, Mossadeq is ruling over your country without your knowledge, sending your country to the government of the hammer and sickle.⁴³

(U) A major from the Iranian army said that he was an infantry officer "retired by Mossadeq, the traitor. We proved to the world that the Iranian army is the protector of this country and is under the command of the Shah." Much confusion followed, after which Radio Tehran played the national anthem and then went off the air.⁴⁴

⁴¹(U) Intercept from Tehran Iranian Home Service, 19 August 1953, 1200 GMT, Records of the Directorate of Operations, Job 79-01228A, Box 11, Folder 14, ARC

⁴²(U) Intercept from Tehran Iranian Home Service, 19 August 1953, 1207 GMT, Records of the Directorate of Operations, Job 79-01228A, Box 11, Folder 14, ARC.

⁴³(U) Intercept from Tehran Iranian Home Service, 19 August 1953, 1214 GMT, Records of the Directorate of Operations, Job 79-01228A, Box 11, Folder 14, ARC.

⁴⁴(U) Ibid. Radio Tehran went off the air at 1222 GMT.

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(U) Zahedi began broadcasting that he was the legally appointed head of the government.⁴⁸ He also promised, to Roosevelt's chagrin, that he would boost living standards, provide free health services to the poor, and modernize agriculture.⁴⁹

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⁴⁸ (U) According to the State Department, the Embassy monitor reported **Zahedi's** transmission as follows:

Dear Compatriots:

In the name of Almighty, I address you.

I have been appointed your Prime Minister by order of His Majesty.

Past governments have made many promises but have achieved very little.

Nation must know I am lawful Prime Minister on Shah's orders. Principal points my program are: Rule of law; raising standard of living; free health services for all; mechanization of agriculture; road construction; public security; individual and social freedom; cooperative societies.

Long live Mohamed Reza Shah Pahlevi.

Telegram from US Embassy Tehran to Secretary of State, No. 406, 19 August 1953. National Archives, RG 319, Entry 57, box 27.

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(U) General Zahedi half-entered the plane and ~~kissed~~ the Shah's knee, then backed from the door to allow the 34-year-old Emperor to descend. The Shah wore the gold-braided blue gray uniform of the Air Force Commander in Chief that had been specially flown to Baghdad for his return. His eyes were moist and his mouth was set in an effort to control his emotions.⁵⁸

The Mossadeq era was over.⁵⁹

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Chapter 5

(U) Aftermath

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(U) The different and widely separated home garrisons of the battalions made them unlikely coconspirators against the new regime. The chance that any of these battalions would refuse to follow Zahedi's orders was remote.

(U) The five brigades in the Tehran garrison had not covered themselves with glory during the civil unrest ousting Mossadeq, and Batmangelich and Zahedi no doubt thought it prudent to have other troops in the capital who probably would not hesitate to crush a Tudeh-led coup attempt. Batmangelich clearly intended these forces for more than ceremonial purposes: troops do not parade or pass in review with live ammunition.

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(U) Byroade noted that a revolution of nationalism was sweeping Asia and that any effective leader had to base his program on nationalist aspirations or face political suicide. Zahedi, therefore, was not likely to reverse many of Mossadeq's policies. Byroade warned that American policymakers would be unwise to assume "Iran will turn a new face toward the West in the immediate future." Nonetheless, he argued, Zahedi merited American support. His fall, in Byroade's opinion, would "open the way to chaos and a struggle for power in which only the Tudeh organization would be likely to win."²

(U) Two complications affected American support for the new Iranian Prime Minister. Zahedi lacked solid political support in his own right. He could expect the Shah to thwart his efforts to create a strong government, since the Shah distrusted any strong leader — anyone who might emerge as a strong leader.

(U) Zahedi's options were limited. He could not become a military dictator as long as the military remained loyal to the Shah, nor could he seek broad-based civilian support without calling for new Majlis elections. The Majlis was notorious, in Byroade's words, for its "destructive criticism" and there was no guarantee that a new Majlis would cooperate with Zahedi. In short, Byroade wrote, "there is no cause for jubilation that our problems are ended in Iran. On the contrary, the future can be expected to bear remarkable similarity to the recent past."³ It was a sobering antidote to the euphoria at the highest levels of CIA.

¹(U) Memorandum from [Henry A.] Byroade, NEA, to Mr. Bowie, S/P, "Iran," 21 August 1953, RG 59, Records of the State Department, Records of the Office of Greek, Turkish, and Iranian Affairs, Lot 57, D 529, Box 40, NARA.

²(U) Ibid.

³(U) Ibid.

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18(U) Ibid.



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(U) Until the archives of the former Soviet Union are fully opened, it will be impossible for scholars to know the exact reasons why the Tudeh did not act. Perhaps Bahrami was right in suggesting that it was only because the Tudeh ~~was~~ unprepared, but the reasons are probably more complex. Stalin had been dead for only five months, and the new leaders were probably ~~reassessing~~ his policies. They almost certainly recognized the importance of Iran to the United States (and to the Soviet Union) but may have been unsure how much freedom of action they had. In any event, since the Tudeh was *so* closely directed from Moscow, it is unlikely that the Iranian Communists decided on their own to do nothing

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(U) Whatever ill effects or career damage Lavrentiev suffered from Mossadeq's fall were temporary. He eventually returned to his post in Tehran and stayed until May 1955, when Moscow recalled him to participate in a commission trying to resolve outstanding Soviet-Iranian border and financial disputes.

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(U) Secretary of State Dulles did not heed Roosevelt's admonition. The Secretary was already contemplating a similar operation in a country half a world away from Iran and much closer to home.³⁰ Officials in CIA's Directorate of Plans had been working since 1952 on schemes to depose Guatemalan President Jacobo Arbenz. Like Mossadeq, Arbenz was willing to turn a blind eye to Communist machinations in his country. Unlike Mossadeq, however, Arbenz appeared to be a Communist sympathizer. Even the most bitter anti-Mossadeq partisans did not claim the Iranian Prime Minister was a Communist or a sympathizer []

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(U) Kenneth Roosevelt, *Countercoup: The Struggle for the Control of Iran* (New York: McGraw-Hill, 1979), p. 210.

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(U) Roosevelt's knowledge of the Middle East gave him the confidence to play the situation in Iran by ear without much Headquarters involvement. His lack of Latin American expertise would have precluded a similar approach in dealing with Guatemala. Control from Headquarters would necessarily have been tighter, restricting his freedom of movement. [.]

(U) There was another important distinction between Iran and Guatemala. Arbenz controlled a comparatively stable Guatemalan Government; Mossadeq presided over a shambles. At the start of 1953, according to Iranian specialist Kuross A. Samii, "Iran resembled an old ship swept away by a storm with no one aboard capable of dealing with

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the attendant frenzy." By August, Mossadeq "was barely holding on to the broken sails of his sinking ship. Everything considered, whatever might be said of the morality or the legality of American action, it still should not be characterized as having overthrown a stable regime in Iran."³⁵ What worked in Iran, Roosevelt sensed, probably would not work in Guatemala because the circumstances were so different.

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³⁵(U) Kuross A. Samii, *Involvement By Invitation: American Strategies of Containment in Iran* (University Park, PA: The Pennsylvania State University Press, 1987), p. 143.

³⁶(U) Roosevelt, *Countercoup*, p. 210.

Chapter 6

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(U) During the 1979-81 Iranian hostage crisis, a reporter asked President Jimmy Carter whether he thought that "it was proper for the United States to restore the Shah to the throne in 1953 against the popular will within Iran." Instead of correcting the reporter's loaded question, the President replied, "That's ancient history, and I don't think it's appropriate or helpful for me to go into the propriety of something that happened 30 years ago."¹

(U) Many diplomatic historians, intelligence historians, and political scientists do not consider TPAJAX "ancient history." Eighteen years after President Carter's remark, the questions implicit in the reporter's query persist and continue to stir controversy.

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¹(U) President Jimmy Carter, "The President's News Conference of February 13, 1980, *Public Papers of the Presidents of the United States, Jimmy Carter. Book I—January 1 to May 23, 1980* (Washington, DC: United States Government Printing Office, 1981), p. 307.

policy of the Zahedi Government that the United States obtained at minimal cost² would last for 26 years. Secure in the knowledge that the US would support Iran against the USSR, the Shah was able to turn his attention to domestic matters. He began a series of far-reaching modernization efforts, including land reform and steps toward the emancipation of women.

(U) TPAJAX came at a time when the events in pre-war Europe were a fresh memory. Americans had seen how ~~Nazi~~ subversion could destroy a country like Czechoslovakia. They had seen the consequences of weakness and appeasement before Nazi and Japanese demands. They had suffered the incalculable cost of failing to act when action might have stopped further aggression. Many were determined never again to let the appearance of weakness and indecision encourage aggression.

(U) Neither the White House nor State Department had the slightest doubt that the Soviets¹ coveted Iran and would do whatever they could, short of war, to bring that country within the Soviet orbit. The Azeri crisis of 1947 showed that unless checked, Stalin would continue to test the West's resolve.

(U) Stalin's death in March 1953 added a dangerous element of ambiguity to Soviet intentions. Who would succeed the late dictator, the "breaker of nations"?³ Would Soviet policy become more or less aggressive? Would the Soviets reoccupy Iranian Azerbaijan? Would they encourage the Tudeh to topple Mossadeq? The White House, the State Department, and CIA struggled to find answers to these questions.

(U) Sending American troops to Iran was never a practical option for logistical and political reasons. ~~An~~ American military occupation almost certainly would have led to war. The USSR would have invoked the terms of the 1921 Treaty of Friendship Between Iran and the Russian Soviet Federated Socialist Republic and occupied the northern part of the country. Iran would have been divided into a Communist north and a free south. Fear of partition lay behind Washington's objection to the proposed British occupation of the port city of Abadan early in the oil nationalization crisis.

(U) A covert political operation promised to attain American foreign policy and strategic objectives in Iran without the threat of war. CIA gave the Eisenhower administration flexibility where diplomacy had failed and military action ~~was~~ not practical. In addition, CIA gave the US Government "plausible deniability." If a covert action went awry, the President could deny American involvement. With these considerations in mind, and given the widely held Western outlook on the international

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¹(U) Historian Robert Conquest's term. See, Robert Conquest, *Stalin: Breaker of Nations* (New York: Viking Press, 1991).

situation in general and on Soviet intentions in particular, the Eisenhower administration's decision to act in Iran was reasonable and understandable.

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(U) A kind of historical hubris results from the belief that because we know far more about the consequences of past acts than contemporaneous actors could know, we are more likely than they are to have a correct interpretation of events and of cause and effect. We cannot know the consequences of decisions not made or actions not taken any more than contemporaries did. Nevertheless, time and knowledge of past events provide the historian with a perspective not available to contemporaries.

(U) Some historians argue today that TPAJAX was not in the US national interest! Maintaining that American policymakers in the 1950s defined national security narrowly, these historians emphasize that actions intended to enhance American power ultimately have the opposite effect if they violate democratic ideals. In this view, intervening in domestic political processes in foreign countries inevitably undermines US national security by weakening the values on which US security rests in the long run.

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(U) The critique deserves careful attention; its more thoughtful and articulate proponents appear to make a persuasive case. The Shah *did* leave Tehran, to return only when he was certain Mossadeq was gone and American support for the Peacock Throne assured. Mossadeq *was* popular among some segments of the population. Some Iranians *were* disillusioned with the United States. They had hoped that the US, *as* the great postwar anti-colonial power, would not intrigue against their country as the British and Russians had done. A close examination of the facts, however, reveals flaws in the revisionist critique.

⁴ See, e.g., Wilbur Crane Eveland, *Ropes of Sand: America's Failure in the Middle East* (New York: W. W. Norton & Company, 1980); Barry Rubin, *Paved With Good Intentions: The American Experience and Iran* (New York: Oxford University Press, 1980); James A. Bill, *The Eagle and the Lion: The Tragedy of American-Iranian Relations* (New Haven, CT: Yale University Press, 1988).

⁵(U) C.M. Woodhouse, one of the British principals in the operation, deals with this point in his autobiography *Something Ventured*. He contends ~~that~~ what Britain and the United States saw in 1953 was vastly different from what happened in 1979. The proper analogy, he asserts, is to the events in Afghanistan from 1973 to 1980: the overthrow of a weak monarchy by nationalist forces, who in turn would be overtaken by indigenous Communists, who in turn would call in the Soviet Army. C.M. Woodhouse, *Something Ventured* (London: Granada, 1982), p. 131.

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(U) Although there is no doubt that Mossadeq captured the imagination of segments of Iranian society with the nationalization of the Anglo-Iranian ~~CIL~~ Company in 1951, his political support dwindled steadily. By August 1953 he did not command mass support. The Tudeh and splinters of the National Front were the only political parties willing to support him.

(U) The pro-Shah sentiments of the Tehran crowds on 19 August 1953 were genuine. Although ~~CIA~~ had a hand in starting the demonstrations, they swelled spontaneously and took on a life of their own that surprised even Kermit Roosevelt. Many average Iranians seemed convinced that they had to choose between the Shah and Communism. In marching against the Tudeh, Iranians were supporting the Shah. Iran expert Donald Wilber's plan to make this choice explicit had worked.

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(U) Before dismissing reports like those from Khorramabad as propaganda, it must be remembered that CIA was able to influence directly events only in the capital city, and there only barely. Kermit Roosevelt had neither the money nor the agents to initiate the kinds of demonstrations that took place in Iran's widely separated cities.

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(U) American University's Amos Perlmutter belongs to the school of thought that considers Mossadeq's fall inevitable regardless of Western actions. In a foreword to Zabih's *The Mossadegh Era: Roots of the Iranian Revolution* Perlmutter writes that CIA's "role in these climactic events was not very significant, despite some of the heavily unsubstantiated claims of the old boys such as Kermit Roosevelt"

(U) To a large extent, the return of the Shah and the downfall of Mossadeq were made possible by divisions among the political forces of the left and right, the left split among nationalists, Marxists and Communists and the right split among the reactionary and xenophobic clergymen and their more liberal counterparts.⁸

(U) Perlmutter is correct in saying that Iranian political divisions made the fall of Mossadeq possible, but merely because something is possible does not ensure that it will happen. CIA's role was significant. Without Kermit Roosevelt's leadership, guidance, and ability to put some backbone into the key players when they wanted to quit, no one would have moved against Mossadeq. Iran had many political factions but few legitimate leaders—and even fewer leaders with the discipline and will necessary to take risks.

(U) A key difference between Mossadeq and his domestic opponents was his ability to control the streets. Although much of the National Front had deserted the Prime Minister, the Tudeh, by this time Iran's only disciplined political party, rallied to him when its aims and Mossadeq's coincided. Tudeh demonstrations intimidated the opposition and kept the army on the sidelines. Mossadeq's opponents would have been unable to overcome these disadvantages without outside help.

(U) The notion that Mossadeq would have fallen anyway ignores the realities of Iranian politics. No group was able, without help, to contest control of the streets of Tehran with the Tudeh. The opposition needed a rallying point and a psychological trigger. Roosevelt provided both and gave Tehranians a choice between the Shah and the

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⁷(U) Sepehr Zabih, *The Mossadegh Era: Roots of the Iranian Revolution* (Chicago: Lake View Press, 1982), p. 126.

⁸(U) Amos Perlmutter, forward to *The Mossadegh Era: Roots of the Iranian Revolution* by Sepehr Zabih (Chicago: Lake View Press, 1982), p. vii.

Tudeh. Ordinary Iranians were willing to demonstrate their support for the monarch only when they became convinced, through the pro-Shah demonstrations in the streets that others were doing the same

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(U) Historians arguing that Mossadeq would have fallen anyway fail to answer a critical related question: Without US intervention, what would have replaced him? In August 1953 Iran seemed more likely to degenerate into chaos than to experience a stable transfer of power from Mossadeq to someone else. No potential prime minister was strong enough to command a majority in the Majlis, or even to form a coalition government out of the factions and splinter groups comprising Iranian politics. If Ayatollah Kashani, whom the US had briefly considered supporting in mid-1953, had somehow been able to succeed Mossadeq, his government might have resembled Ayatollah Khomeini's regime more than Fazlollah Zahedi's.

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(U) If the United States and United Kingdom had not intervened in Iran's chaotic politics in August 1953, would Ayatollah Khomeini have been able to launch his Islamic Revolution 25 years later? Asking this question is like asking whether World War II would have been fought if Germany had won World War I and Hitler had remained an obscure corporal. We cannot know the consequences of events that did not happen, but we can engage in informed speculation.

(U) Revisionists contend that CIA stifled Iran's drive to democracy and strengthened the rule of the autocratic Shah, thereby making Khomeini's revolution all but inevitable. Despite its faults, in this view, Mossadeq's Government represented the popular will. His government reflected a vision for Iran's future that the Shah did not share. Mohammed Reza Pahlavi wanted to transform Iran into a modern Westernized state; his people preferred a more traditional society.

(U) In removing Mossadeq, the revisionists continue, the United States and Britain effectively strangled traditional Iranian nationalism. Frustrated and resentful, the people rose 25 years later in rage against the Shah and the United States, disparaged as the "Great Satan." For there can be no doubt that despite years of official American and British denials, most Iranians have been convinced of the CIA's role in Mossadeq's fall.⁹

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(U) A problem with this thesis is that Mossadeq's Iran was not moving toward democracy. The Prime Minister's increasing political isolation and the fragmentation of the National Front, as documented above, had weakened his position and made him desperate. His dictatorial grab for power from the Majlis alienated his former allies and gained him new political enemies. Iran was, to repeat Iran specialist Kuross Samii's apt metaphor, "an old ship swept away by a storm with no one on board capable of dealing with the attendant frenzy."¹⁰

(U) In fact, Khomeini's revolution was a reaction against secularism, modernization, and the Shah's misrule, not a push for a return to the National Front. The streets of Tehran rang with shouts of fanatical support for Khomeini rather than nostalgic calls for Mossadeq. The Ayatollah was not interested in Mossadeq or the things he stood for. The last thing Khomeini wanted was a secular government with multi-party participation. He would have called for fundamentalist revolution against *any* government, including a National Front or Tudeh Government, that promoted modernization, the emancipation of women, and secularization.

(U) Edward Shirley, the former CIA DO employee who journeyed through revolutionary Iran, argues that the revisionist thesis also underestimates the role the clerics played in TPAJAX. Without the support of Ayatollahs Kashani and Behbehani, Shirley doubts the covert political action could have succeeded. What the ayatollahs did in 1953 with American and British help, they might have been able to do later without such help. Alternatively, given Mossadeq's growing political weakness and isolation from Iranian society, the clerics may have defeated him and the National Front in general elections.

(U) In short, according to Shirley, the 1953 aborted-democracy theory is appealing, but is "too convenient in its diabolization of the CIA and M16, and too Persian in its determination to make someone else responsible for failure."

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History of Iran, vol. 7, *From Nadir Shah to the Islamic Republic* (New York: Cambridge University Press, 1991), p. 263.

¹⁰(U) Kuross A. Samii, *Involvement by Invitation: American Strategies of Containment in Iran* (University Park, PA: the Pennsylvania State University Press, 1987), p. 143.

¹¹(U) See Peter Wyden, *Bay of Pigs: the Untold Story* (New York: Simon and Schuster, 1979).

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¹²(U) Peter Grose, *Gentleman Spy: The Life of Allen Dulles* (Boston: Houghton Mifflin, 1994), p. 384.

¹³(U) Ibid.

Postscript

(U) The Shadow of the Pahlavis

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(U) The average Iranian still believes that the British and Americans are omnipotent and that if they removed Mossadeq, either or both somehow put the mullahs in power. Edward Shirley's *Know Thine Enemy: A Spy's Journey into Revolutionary Iran* recounts several conversations he had with Iranians while traveling through that country. One asked Shirley for help:

(U) 'Americans should help us. Your secretary of state was spit upon by Khomeini. He calls Iran the most evil state in the world, but he does nothing. ~~Unless~~ you want Iranians thinking that you like the mollahs, you should bring them down. The British put them in, and America should drive them out. The young Shah, he is like his father, a coward. And the United States wastes money on him. Iranians don't want to fight anymore. They need a sign from America.'

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Another told Shirley it did not matter what Iranians thought. "It only matters what the Americans and the *Englisss* think. They hold the power. The *Englisss* have always had the clergy in their pockets." ²

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² (U) Edward Shirley, Know *Thine Enemy: A Spy's Journey into Revolutionary Iran* (New York Farrar, Straus and Giroux, 1997), pp. 75, 106.

³ (U) See Harold Bloom, *The Lucifer Principle: A Scientific Expedition into the Forces of History* (New York The Atlantic Monthly Press, 1995), pp. 264-70. SAVAK's successor in the Islamic Republic of Iran is the Vezarat-e Ettela'at va Aminteh Keshvar (VAVAK), known in the West as the Ministry of Intelligence and Security (MOIS). According to historian Carl Wege, VAVAK "is noted primarily for assassinating Iranian dissidents abroad" and has been doing so since the revolution in 1979. Its first victim was the Shah's nephew Shahriar Shafiq (in Paris, December 1979), but is most famous victim was former prime minister Shapour Bakhtiar, assassinated in August 1991. Carl Anthony Wege, "Iranian Intelligence Organizations," *International Journal of Intelligence and Counterintelligence* 10 (Fall 1997): 289. Heritage Foundation Senior Policy Analyst James Phillips writes that "more than a dozen Iranian dissidents have been assassinated in European cities since 1987." VAVAK even struck in the

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United States, murdering Iranian political activist Ali A. Tabatabai, founder of the Iran Freedom Foundation, in his Bethesda, Maryland home in July 1980. James Phillips, 'The Challenge of Persia', Heritage Foundation Committee Brief No. 24.29 March 1996.

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(U) "Iran: Internal Security, DODD 141-2B, 21 May 1993. The information in this report is classified **TOP SECRET UMBRA NOFORN**; the title is unclassified. The report, already five years old, states that Iran's various tribes have not been a serious threat to Tehran's rule for several years. No reporting since then has warranted a qualification or change of that opinion.